

Canadian Utilities Limited

Management Proxy Circular



Notice of Annual
Meeting of Shareholders
May 5, 2011



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CANADIAN UTILITIES LIMITED
An **ATCO** Company

Dear Share Owner:

We are pleased to invite you to attend the annual meeting of share owners of Canadian Utilities Limited to be held in the Empire Ballroom, The Fairmont Hotel Macdonald, 10065 - 100th Street, Edmonton, Alberta, at 10:00 a.m. on Thursday, May 5, 2011.

Your meeting materials are enclosed. If you are an owner of Class B common shares and are unable to attend the meeting, please complete and sign the accompanying form of proxy and return it in the envelope provided for that purpose. Alternatively, registered shareholders may submit a form of proxy by fax, telephone or via the internet. May we also encourage all owners of Class A non-voting shares to attend the meeting.

We hope you will join us after the meeting for some light refreshments.

Sincerely,

[Signed by R.D. Southern]

[Signed by N.C. Southern]

R.D. Southern
Chairman of the Board

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

Calgary, Alberta
March 7, 2011

CANADIAN UTILITIES LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of Canadian Utilities Limited will be held in the Empire Ballroom, The Fairmont Hotel Macdonald, 10065 - 100th Street, Edmonton, Alberta, at 10:00 a.m. on Thursday, May 5, 2011, for the following purposes:

- (a) to receive the consolidated financial statements for the year ended December 31, 2010, accompanied by the report of the auditor;
- (b) to elect the directors;
- (c) to appoint the auditor;
- (d) to transact such other business as may properly come before the meeting or any adjournment thereof.

All holders of Class A non-voting shares or Class B common shares are entitled to attend the meeting, but only the holders of Class B common shares are entitled to vote at the meeting or to appoint proxyholders.

Holders of Class B common shares who are unable to attend the meeting in person are requested to complete and sign the accompanying form of proxy and return it in the prepaid envelope provided to be received by Canadian Utilities Limited, c/o CIBC Mellon Trust Company, not later than 5:00 p.m. Eastern Daylight Time on Tuesday, May 3, 2011.

Alternatively, registered shareholders may submit a proxy by fax, telephone or via the internet. Instructions are set out on the reverse of the form of proxy and are contained in the management proxy circular.

By order of the Board of Directors.

[Signed by P. Spruin]

P. Spruin
Vice President, Administration & Corporate Secretary

Calgary, Alberta
March 7, 2011



CANADIAN UTILITIES LIMITED
An **ATCO** Company

MANAGEMENT PROXY CIRCULAR

SECTION 1 VOTING INFORMATION

Solicitation of Proxies

This management proxy circular is furnished in connection with the solicitation by the management of CANADIAN UTILITIES LIMITED (the Corporation) of proxies to be used at the annual meeting of shareholders of the Corporation, and at any adjournment thereof, for the purposes set forth in the accompanying notice. The cost of solicitation by management will be borne by the Corporation.

Appointment of Proxyholders and Revocation of Proxies

The persons named in the accompanying form of proxy are directors of the Corporation. **A shareholder entitled to vote at the meeting has the right to appoint a person or company to represent the shareholder at the meeting other than the persons designated in the accompanying form of proxy.** This right may be exercised either by striking out the names of the persons designated in the accompanying form of proxy and inserting in the space provided the name of the person or company appointed or by completing and executing another proper form of proxy. A shareholder desiring to be represented at the meeting by a proxyholder must deposit a proxy with the Corporation at the address set forth in the accompanying notice not later than 5:00 p.m. Eastern Daylight Time on Tuesday, May 3, 2011.

A shareholder may revoke a proxy by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing with the Secretary of the Corporation, c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or at the principal office of the Corporation at 1400, 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 thereof, at which the proxy is to be used, or with the chairman of the meeting prior to the commencement of the meeting on the day of the meeting or any adjournment thereof.

Exercise of Discretion by Proxyholders

All shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for, and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such instructions, all of such shares will be voted in favour of the election of the directors and the appointment of the auditor.** The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of the meeting and other matters that may properly come before the meeting. The management of the Corporation is not aware of any amendments, variations or other matters that are to be presented for action at the meeting. If any such amendments, variations or matters should properly come before the meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgment.

Class B Common Shares and Principal Holders

The Class B common shares of the Corporation are the only shares entitled to be voted at the meeting. As at March 7, 2011, there were 40,409,949 Class B common shares outstanding. Each Class B common share entitles the holder thereof to one vote at the meeting.

The record date for the meeting is March 23, 2011. Holders of Class B common shares whose names are entered in the applicable register at the close of business on that date will be entitled to receive notice of and to attend and vote at the meeting.

To the knowledge of the directors and officers of the Corporation, the only person who beneficially owns, or controls or directs, directly or indirectly, shares of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation is ATCO Ltd. ATCO Ltd. directly or indirectly owns 33,154,623 Class B common shares, being approximately 82% of the outstanding Class B common shares. R.D. Southern controls ATCO Ltd.

Class A Non-Voting Shares

The holders of the Class A non-voting shares of the Corporation are entitled to receive notice of the meeting and to attend and participate in discussions at the meeting, but are not entitled to vote at the meeting.

If a person other than a controlling shareholder makes a take-over bid to all the holders of Class B common shares for more than 50% of the Class B common shares, then the holders of Class A non-voting shares have the right, for the duration of the bid, to exchange their Class A non-voting shares for Class B common 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 non-voting shares tendered by that person and the right to exchange shall be deemed never to have existed. In addition, the holders of Class A non-voting shares have the right to exchange their shares for Class B common shares if ATCO Ltd., the present controlling shareholder of the Corporation, ceases to own or control, directly or indirectly, more than ten million of the Class B common shares. In either case, each Class A non-voting share is exchangeable for one Class B common share, subject to changes in the exchange ratio for certain events such as a stock split or a rights offering.

Voting by Non-Registered Shareholders

Voting shareholders who do not hold their shares in their own name on the Corporation's share register (non-registered shareholders) may have their shares voted at the meeting by providing voting instructions to their nominee, which is usually a trust company, broker or other financial institution, or may attend the meeting and vote their shares as proxyholder. Nominees will typically seek voting instructions by sending with this circular a voting instruction form instead of a form of proxy. A voting instruction form can be used only to provide voting instructions to a non-registered shareholder's nominee. Every nominee has its own signing and return instructions, which non-registered shareholders must follow to ensure that their shares are voted at the meeting.

Non-registered shareholders who wish to attend the meeting and vote their shares as proxyholder must enter their own name in the space provided on the voting instruction form supplied by their nominee and follow the signing and return instructions. Non-registered shareholders who follow this procedure will be recognized at the meeting as proxyholders and will be permitted to vote their shares in that capacity.

For additional information please refer to Schedule C: Questions and Answers on Voting and Proxies at the back of this circular.

FINANCIAL STATEMENTS


The consolidated financial statements of the Corporation for the year ended December 31, 2010, along with the auditor's report, will be placed before the meeting. Copies of the financial statements may be obtained from the Corporate Secretary upon request and will be available at the meeting. The statements are also available on the Corporation's website at www.canadian-utilities.com and on SEDAR at www.sedar.com.

ELECTION OF DIRECTORS

As recommended by the Corporate Governance – Nomination, Compensation and Succession Committee (GOCOM), the Board has set the number of directors to be elected at 12. The management of the Corporation is pleased to propose the nomination of the persons named below for election to the Board of Directors. The persons named in the accompanying form of proxy intend to vote in favour of the election of these nominees as directors. The term of office for each director will expire at the close of the next annual meeting of shareholders of the Corporation.


All of the nominees are currently directors and have been for the periods indicated. Information regarding each of the nominees is provided in the following tables.


Nominees for Election to the Board of Directors

	<p>Mr. Booth is a partner in the law firm Bennett Jones LLP, based in Calgary, Alberta, and has an extensive background in energy and natural resource law. He is a member of the Law Society of Alberta and the Canadian Bar Association. Mr. Booth obtained a B.Eng. degree from the Royal Military College of Canada, Kingston, Ontario, in 1974, his LL.B. from Dalhousie University, Halifax, Nova Scotia, in 1977, and in 2009 obtained his ICD.D certification from the Director Education Program at the Institute of Corporate Directors. He is a director of the Canadian Defence & Foreign Affairs Institute and honorary counsel to the Conference of Defence Associations and CDA Institute. Mr. Booth has served as a director of the Canadian Petroleum Law Foundation and is a Past President of the Royal Military Colleges Club of Canada.</p>				
	Board/Committee Membership		Attendance		Shares Held ⁽³⁾ ⁽⁴⁾
Robert T. Booth, Q.C.	Board of Directors	4 of 5	80%	Class A non-voting Class B common	5,727 -
Age: 58 Calgary, AB, Canada Director Since: 1998 Not Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Energy and Natural Resource Law	Note: Mr. Booth was unable to attend one Board meeting due to illness.				
Other Public Board/Committee Memberships					
	Company	Term		Committees	
	ATCO Ltd. ⁽⁶⁾	Since 2008		Risk Review GOCOM ⁽⁵⁾	

See footnotes on page 9.


Nominees for Election to the Board of Directors (continued)


	<p>Ms. Charlton is a Vice President of Lintus Resources Limited. She was Vice President, Chief Operating Officer of Investors Petroleum Consultants Ltd., an oil and gas consulting and management company, from 1996 to 2005. Ms. Charlton holds a B.Com. 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.</p>				
	Board/Committee Membership		Attendance		Shares Held ⁽³⁾ ⁽⁴⁾
<p>Loraine M. Charlton</p> <p>Age: 54 Calgary, AB, Canada Director Since: 2006 Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Finance - Management</p>	Board of Directors	5 of 5	100%	Class A non-voting	7,602
	Audit	4 of 4	100%	Class B common	525
	Risk Review	2 of 2	100%		
	Other Public Board/Committee Memberships				
	Company	Term		Committees	
	AKITA Drilling Ltd. CU Inc. ⁽⁷⁾	Since 2006 Since 2008		Audit (Chair) Audit	

	<p>Dr. Dodge is a Senior Business Advisor to Bennett Jones LLP. He has had a distinguished career in the federal public service, most recently as Governor of the Bank of Canada from 2001 to 2008. As Governor, he was also Chairman of the Board of Directors of the Bank. He has held senior positions in the Central Mortgage and Housing Corporation, the Anti-Inflation Board, the Department of Employment and Immigration and the Department of Finance. He was Deputy Minister of Finance from 1992 to 1997 and Deputy Minister of Health from 1998 to 2001.</p>					
	<p>Dr. Dodge received a B.A. (Econ., Hons.) from Queen's University, and a Ph.D. in economics from Princeton. During his academic career he taught economics at Queen's University, the School of Advanced International Studies at Johns Hopkins University, the University of British Columbia, and Simon Fraser University. Dr. Dodge has also served as Director of the International Economics Program of the Institute for Research on Public Policy.</p>					
<p>David A. Dodge, O.C., LL.D., Ph.D., F.R.S.C.</p> <p>Age: 67 Ottawa, ON, Canada Director Since: 2008 Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - National and International Economics - Finance - Public Policy</p>	<p>He is currently Chancellor of Queen's University. Dr. Dodge also serves as Chair of the Board of Directors of the Canadian Institute for Advanced Research, is Co-Chair of the Global Market Monitoring Group of the International Institute of Finance, and is a director of the C.D. Howe Institute. In 2010 he was appointed to the United Arab Emirates Central Bank International Advisory Council.</p>					
	Board/Committee Membership		Attendance		Shares Held ⁽³⁾ ⁽⁴⁾	
	Board of Directors	5 of 5	100%	Class A non-voting	5,239	
	Pension Fund (Chair)	3 of 3	100%	Class B common	-	
Other Public Board/Committee Memberships						
	Company	Term		Committees		
	Bank of Nova Scotia	Since 2010		Executive and Risk		

See footnotes on page 9.


Nominees for Election to the Board of Directors (continued)


	<p>Mr. Ellard is a Designated Audit Director for ATCO I-Tek Inc. He has a B.Sc. in Mechanical Engineering and an M.B.A. with a major in Finance from the University of Alberta. Prior to his retirement in 2003, Mr. Ellard was Senior Vice President Business Development, ATCO Group. He held several other positions within the organization including Senior Vice President, Northwestern Utilities Limited; Senior Vice President, Canadian Utilities Limited; and President, ATCO Singlepoint Ltd. Mr. Ellard has served in various capacities on several community and industry boards including the Alberta Economic Development Authority, the Alberta Capital Region United Way, and the Edmonton Concert Hall Foundation.</p>				
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}
Denis M. Ellard Age: 64 Calgary, AB, Canada Director Since: 2008 Independent ⁽¹⁾ See note ⁽²⁾ on share ownership requirements Skills and Experience: - Finance - Management - Utilities	Board of Directors	5 of 5	100%	Class A non-voting	2,239
	Audit	4 of 4	100%	Class B common	100
	Risk Review	2 of 2	100%		
Other Public Board/Committee Memberships					
Company		Term		Committees	
N/A		N/A		N/A	

	<p>Mrs. Heathcott is President & Chief Executive Officer of Spruce Meadows, an internationally recognized equestrian facility. A former professional equestrian rider, Mrs. Heathcott was a member of the Canadian Equestrian Team for nine years and competed in the 1996 Olympic Summer Games in Atlanta, Georgia. In 2006, Mrs. Heathcott was appointed Chairman of the Board, AKITA Drilling Ltd. Mrs. Heathcott also serves on the Board of Sentgraf Enterprises Ltd. In 2010 she received her ICD.D certification from the Director Education Program at the Institute of Corporate Directors.</p>				
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}
Linda A. Heathcott Age: 48 Calgary, AB, Canada Director Since: 2000 Not Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Management - Oil and Gas	Board of Directors	5 of 5	100%	Class A non-voting	7,972
	Pension Fund	3 of 3	100%	Class B common	2,000
	Other Public Board/Committee Memberships				
Company		Term		Committees	
AKITA Drilling Ltd. (Chair)		Since 1992		Pension	

See footnotes on page 9.


Nominees for Election to the Board of Directors (continued)


 <p>Robert J. Normand</p> <p>Age: 64 Edmonton, AB, Canada Director Since: 2008 Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Financial Services - Management</p>	<p>Mr. Normand is President of Falaise Management Ltd., a private corporation providing financial and business consulting services. He retired from the position of President and Chief Executive Officer of Alberta Treasury Branches (ATB) in 2008. During his six years in this role, he led ATB to record profitability and market share growth. 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 Vice Chair of Travel Alberta and a director of ATCO Structures & Logistics Ltd. and the Workers' Compensation Board of Alberta. He is a past Chairman of the Alberta Shock Trauma Air Rescue Service (STARS) Foundation. 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.</p>					
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}	
	Board of Directors	5 of 5	100%	Class A non-voting	4,183	
	Audit	4 of 4	100%	Class B common	-	
	Risk Review	2 of 2	100%			
	Other Public Board/Committee Memberships					
Company	Term		Committees			
N/A	N/A		N/A			

 <p>Robert J. Routs, Ph.D.</p> <p>Age: 64 Brunnen, Switzerland Director Since: 2008 Independent ⁽¹⁾ See note ⁽²⁾ on share ownership require- ments Skills and Experience: - Management - Oil and Gas - International Economics</p>	<p>Dr. Routs is a former Executive Director Downstream (Oil Sands Mining and Upgrading, Oil Products & Chemicals) and a former member of the Board of Royal Dutch Shell plc. His other responsibilities were Oil Sands Mining & Upgrading; Future Fuels & CO₂; Europe, Canada and Sub-Saharan Africa (excluding Nigeria). Dr. Routs joined Shell in The Netherlands in 1971 and worked for Shell Canada from 1978 until 1999, finally as President Oil Products. He then led Shell Global Solutions - the research and technical services group - before becoming Chief Executive Officer of the Equilon refining and marketing joint venture in the United States. Following the Group's acquisition of Texaco's interest, he became the Chief Executive Officer of Shell Oil Products U.S. and President of Shell Oil Company in Houston. He became a Group Managing Director, joining the Committee of Managing Directors in 2003, and became Executive Director Downstream in October 2004. Dr. Routs was Chairman of the Shell Canada Board meetings until mid 2007. Dr. Routs graduated in Chemical Engineering from the Technical University of Eindhoven in The Netherlands, where he also obtained a Ph.D. in Technical Sciences. Dr. Routs is an emeritus member of the International Advisory Council to the Economic Development Board of Singapore.</p>					
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}	
	Board of Directors	5 of 5	100%	Class A non-voting	2,429	
	Pension Fund	3 of 3	100%	Class B common	-	
	Other Public Board/Committee Memberships					
	Company	Term		Committees		
AEGON N.V. (Chair)	Since 2008		Nominating (Chair) Compensation			
A.P. Møller-Maersk A/S	Since 2010		Audit			
Royal DSM N.V.	Since 2010		Remuneration and Organizational Development (Chair)			
Royal KPN N.V. (Vice Chair)	Since 2009		Nominating and Corporate Governance			
UPM-Kymmene Corporation	Since 2010		Human Resources			

See footnotes on page 9.


Nominees for Election to the Board of Directors (continued)


	<p>Mr. Simpson is Lead Director for the Board of Canadian Utilities Limited 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. Some of his key management assignments included General Manager Research Services at the laboratory in Los Angeles; General Manager of the Executive Staff in San Ramon, California; Managing Director of New Ventures in the international upstream company; and Vice President of Middle East and North Africa in the Business Development Group. He is former Chairman of the Canadian Association of Petroleum Producers and has been active in the United Way and the World Petroleum Congress.</p>				
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}
<p>James W. Simpson</p> <p>Age: 66 Calgary, AB, Canada Director Since: 2004 Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Management - Oil and Gas - International Business</p>	Board of Directors	5 of 5	100%	Class A non-voting	7,785
	Audit (Chair)	4 of 4	100%	Class B common	-
	GOCOM ⁽⁵⁾	4 of 4	100%		
	Risk Review (Chair)	1 of 2	50%		
	<p>Note: Mr. Simpson was unable to attend one Risk Review Committee meeting due to a schedule conflict.</p>				
<p align="center">Other Public Board/Committee Memberships</p>					
Company		Term		Committees	
Suncor Energy Inc.		Since 2009		Human Resources and Compensation (Chair)	
CU Inc. ⁽⁷⁾ (Deputy Chair)		Since 2008		Governance	

	<p>Ms. Southern was appointed Deputy Chair effective May 7, 2008. She has been President & Chief Executive Officer of Canadian Utilities Limited and ATCO Ltd. since January 1, 2003. Previously, she was Co-Chairman & Chief Executive Officer from 2000 until 2003, Deputy Chief Executive Officer from 1998 until 2000, and Deputy Chairman from 1996 until 1998. Ms. Southern has full responsibility for strategic direction and the operations of the Corporation, reporting to the Board of Directors. She is also a director of the Bank of Montreal, AKITA Drilling Ltd., and Sentgraf Enterprises Ltd. Ms. Southern is a member of The Business Council, a U.S.-based association of Chief Executive Officers representing a broad range of global businesses, and the Canadian Council of Chief Executives, whose membership is comprised of Canadian-based Chief Executive Officers, also representing a broad range of industries.</p>					
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}	
<p>Nancy C. Southern</p> <p>Age: 54 Calgary, AB, Canada Director Since: 1990 Not Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Management - Energy - Industrials - Utilities - International Business</p>	Board of Directors (Deputy Chair)	5 of 5	100%	Class A non-voting	44,090	
				Class B common	2,500	
	<p align="center">Other Public Board/Committee Memberships</p>					
	Company		Term		Committees	
	ATCO Ltd. ⁽⁶⁾ (Deputy Chair)		Since 1989		Governance and Nominating	
AKITA Drilling Ltd.		Since 1992		Risk Review		
Bank of Montreal		Since 1996		Pension Fund Society		
CU Inc. ⁽⁷⁾ (Chair)		Since 1999				

See footnotes on page 9.


Nominees for Election to the Board of Directors (continued)

	<p>Mr. Southern is Chairman of the Board of Canadian Utilities Limited and ATCO Ltd. 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 the Corporation to what it is today — a corporation with assets of approximately \$9 billion and employing more than 5,700 people. Mr. Southern also serves as Chairman of Sentgraf Enterprises Ltd. and Deputy Chairman of AKITA Drilling Ltd. 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.</p>				
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}
<p>Ronald D. Southern, C.B.E., C.C., LL.D.</p> <p>Age: 80 Calgary, AB, Canada Director Since: 1977 Not Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Management - Energy - Industrials - Utilities - International Business</p>	Board of Directors (Chair)	5 of 5	100%	Class A non-voting	358,104
				Class B common	144,804
				Series W Second Preferred	320,000
				Series X Second Preferred	120,000
Other Public Board/Committee Memberships					
Company	Term		Committees		
ATCO Ltd. ⁽⁶⁾ (Chair) AKITA Drilling Ltd. (Deputy Chair)	Since 1963 Since 1992				

	<p>Dr. Urwin has worked in gas, electric and telecom utilities throughout his career. He retired at the end of 2006 as Group Chief Executive of National Grid plc, an international gas and electric utility. Dr. Urwin played a key role in establishing the company's international strategy and its successful expansion into the U.S. creating one of the largest investor-owned utility companies in the world. He was Managing Director and Chief Executive of London Electricity from 1990 to 1995, and was a director and Chairman of Alfred McAlpine plc, a UK business support services company, from 2006 until its acquisition by Carillion plc in 2008. Dr. Urwin is also a non-executive director of Utilico Limited and a special advisor to Global Infrastructure Partners, an international infrastructure investment fund. He is a Commander of the Order of the British Empire.</p>				
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}
<p>Roger J. Urwin, C.B.E., Ph.D.</p> <p>Age: 65 London, England Director Since: 2007 Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Management - Energy - Utilities</p>	Board of Directors	5 of 5	100%	Class A non-voting	10,075
	Audit	4 of 4	100%	Class B common	-
	GOCOM ⁽⁵⁾	4 of 4	100%		
Other Public Board/Committee Memberships					
Company	Term		Committees		
Utilico Limited	Since 2007		Audit		
CU Inc. ⁽⁷⁾	Since 2008		Management Engagement Audit (Chair)		

See footnotes on page 9.

Nominees for Election to the Board of Directors (continued)

	<p>Mr. Wilson is the Lead Director of ATCO Structures & Logistics Ltd. He was the President and Chief Executive Officer of Shell Canada from 1993 to 1999, Executive Vice President U.S. Downstream Oil and Chemical of Shell Oil Company from 1988 to 1993, 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 prior to 1988. Mr. Wilson holds a B.Sc. in Civil Engineering and an M.Sc. in Engineering. In 2010 he retired as a director from the Boards of Talisman Energy Inc. and Big Rock Brewery Income Trust.</p>					
	Board/Committee Membership		Attendance		Shares Held ^{(3) (4)}	
	Board of Directors GOCOM ⁽⁵⁾ (Chair)		5 of 5 4 of 4	100% 100%	Class A non-voting Class B common	44,046 -
<p>Charles W. Wilson</p> <p>Age: 71 Evergreen, CO, USA Director Since: 2000 Independent ⁽¹⁾ Meets share ownership requirements ⁽²⁾ Skills and Experience: - Management - Energy - Utilities - International Business</p>	Other Public Board/Committee Memberships					
	Company		Term		Committees	
	ATCO Ltd. ⁽⁶⁾ (Lead Director)		Since 2002		Audit (Chair) GOCOM ⁽⁵⁾ (Chair) Risk Review (Chair)	
AKITA Drilling Ltd.		Since 2002		GOCOM ⁽⁵⁾ (Chair)		

⁽¹⁾ "Independent" refers to the determination of whether a director is independent based on the criteria that meet the standards of the Canadian Securities Administrators as set out in National Instrument 52-110 *Audit Committees*. See Schedule A: Corporate Governance Disclosure, Section 1.

⁽²⁾ Within five years of being appointed to the Board of the Corporation, directors are required to directly or indirectly own shares of the Corporation having an aggregate fair market value of at least 1.5 times the annual board retainer which equates to \$210,000. This ownership is to be maintained for the duration the director remains on the Board. D.M. Ellard and R.J. Routs have less than five years tenure on the Board.

⁽³⁾ The number of shares beneficially owned, or controlled or directed, directly or indirectly, by the director as of March 7, 2011.

⁽⁴⁾ The information as to shares beneficially owned, or controlled or directed, directly or indirectly, has been furnished by the nominees. Shares purchased under the director share purchase plan are included and the figures were provided by the Corporation.

⁽⁵⁾ Corporate Governance - Nomination, Compensation and Succession Committee.

⁽⁶⁾ Canadian Utilities Limited is controlled by ATCO Ltd.

⁽⁷⁾ CU Inc. is controlled by Canadian Utilities Limited.

Board of Directors

The Board generally meets five times a year and additionally during the year as the need arises. The frequency and length of meetings and the nature of agenda items depend upon the circumstances. Meetings are generally lengthy, detailed and well attended, and are conducted in an atmosphere which encourages participation and independence. In addition to regularly scheduled Board and committee meetings, the directors annually attend a comprehensive three to four-day strategy session. Round table discussion sessions and director briefings are also held throughout the year. Each director's meeting attendance is disclosed on pages 3 through 9. The Board mandate, attached to this proxy circular as Schedule B, outlines the roles and responsibilities of the Board. The mandate is also available on the Corporation's website at www.canadian-utilities.com.

Directors' Attendance

All directors are expected to attend meetings of the Board and the committees on which they serve. However, there may, from time to time, be extenuating circumstances for directors not attending meetings,

especially for directors in positions of leadership in other corporations, particularly when they are in the process of assuming new positions or involved in major undertakings. It is also understood that directors may have, on occasion, family bereavement or health issues. The Corporation is supportive and understanding of such circumstances. When a director's attendance is deemed to be unsatisfactory, interviews are conducted by each of the Chairman and the Lead Director during which a clear understanding of the Corporation's expectations for attendance is formally communicated to assure significant improvement and optimal attendance in subsequent reporting periods.

Compensation of Directors

The Corporate Governance - Nomination, Compensation and Succession Committee is responsible for assessing the compensation of the directors and making recommendations to the Board. This Committee reviews director compensation annually utilizing information from other corporations and published data, and from time to time retains independent compensation consultants to undertake market comparisons and provide advice on developing appropriate compensation programs. Director compensation is reviewed to determine whether such compensation is appropriate for the responsibilities, time commitment and risks assumed by the directors.

Effective May 15, 2010, the director retainer was increased to \$140,000 from \$120,000 and the Lead Director retainer was increased to \$50,000 from \$30,000. The following table sets forth the annual retainers and attendance fees paid to members of the Board.

Directors' Remuneration	(\$)
Annual Retainers	
Director	140,000
Chairman of the Board	175,000
Lead Director	50,000
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	2,000
Meeting for routine administrative matters where nature of discussion is brief	800
Committee Meeting per day	1,500

Note: The retainers for Lead Director, committee chairs and members are paid in addition to the annual director retainer of \$140,000. The Chairman of the Board is paid one retainer of \$175,000.

Directors are required to receive a minimum of \$20,000 of their annual retainer in Class A non-voting shares of the Corporation and have the option of receiving up to 50% of their annual retainer in the Corporation's Class A non-voting shares. In addition to the \$20,000 minimum contribution, effective May 15, 2010, directors who do not meet share ownership guidelines are required to apply the \$20,000 retainer increase to the purchase of Class A non-voting shares. The Chairman of the Board is exempt from this requirement.

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 appointed. No ad hoc committees were formed in 2010.

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

The following table summarizes the total compensation that was paid to each non-employee director of the Corporation for the year ended December 31, 2010. "Other Fees" includes retainers and attendance fees paid to those directors who also serve on the Board and committees of CU Inc. No other forms of compensation were provided to the directors for the year ended December 31, 2010.

Name	Director Retainer (\$)	Committee Chair Retainer (\$)	Committee Member Retainer (\$)	Board Attendance Fee ⁽¹⁾ (\$)	Committee Attendance Fee ⁽¹⁾ (\$)	Other Fees ^{(1) (2)} (\$)	Total Fees Earned (\$)	Portion of Annual Retainer Applied to Share Purchase ⁽³⁾ (%)
R.T. Booth	132,527	-	-	5,400	-	26,000	163,927	15%
L.M. Charlton	132,527	-	7,500	8,000	6,000	21,700 ⁽⁴⁾	175,727	30%
D.A. Dodge	132,527	8,500	-	8,800	4,500	12,000	166,327	50%
D.M. Ellard	132,527	-	7,500	8,800	6,000	32,500	187,327	32%
L.A. Heathcott	132,527	-	-	8,800	4,500	12,000	157,827	30%
R.J. Normand	132,527	-	7,500	8,800	9,000	14,000	171,827	50%
R.J. Routs	132,527	-	-	8,800	4,500	12,000	157,827	40%
J.W. Simpson	175,054 ⁽⁴⁾	28,500	-	8,000	15,000	19,200 ⁽⁴⁾	245,754	23%
R.D. Southern	175,000	-	-	7,400	-	6,600	189,000	n/a
R.J. Urwin	136,933 ⁽⁵⁾	-	7,500	8,000	13,500	62,100 ⁽⁴⁾	228,033	15%
C.W. Wilson	132,527	8,500	-	7,400	3,750	25,500	177,677	50%
Total	1,547,203	45,500	30,000	88,200	66,750	243,600	2,021,253	

⁽¹⁾ For the directors that are on boards and committees of Canadian Utilities Limited, ATCO Ltd. or CU Inc., the fees are shared proportionately when meetings are held on the same day to consider group projects that require the approval of more than one of these companies.

⁽²⁾ Includes fees for attendance at the annual strategy conference, round table, operational overview, business plan meetings and designated audit director retainers and meeting fees.

⁽³⁾ A minimum of \$20,000 of a non-employee director's annual retainer is paid in Class A non-voting shares of the Corporation. Directors have the option of receiving up to 50% of their annual retainer in Class A non-voting shares. The Chairman of the Board is exempt from this requirement.

⁽⁴⁾ Includes retainer for Lead Director.

⁽⁵⁾ The director retainer for R.J. Urwin was paid in Canadian currency equivalent to U.S. \$132,527.

⁽⁶⁾ L.M. Charlton, J.W. Simpson and R.J. Urwin received annual retainers and meeting attendance fees as directors of CU Inc.

Director Equity Ownership Interest

Within five years of being appointed to the Board of the Corporation, directors are required to directly or indirectly own shares of the Corporation having an aggregate fair market value of at least 1.5 times the annual board retainer which equates to \$210,000. For 2010 the required aggregate fair market value equated to \$198,790 on a prorated basis due to the May 15 retainer increase noted on page 8.

The following table sets out each director's equity ownership in the Corporation and any changes in the ownership interest since March 8, 2010.

Name	Equity Ownership as at March 8, 2010		Equity Ownership as at March 7, 2011		Net Change in Equity Ownership		Equity at Risk ⁽¹⁾	
	Class B Common Shares	Class A Non-Voting Shares	Class B Common Shares	Class A Non-Voting Shares	Class B Common Shares	Class A Non-Voting Shares	Value (\$)	Multiple of Annual Board Retainer ⁽²⁾
R.T. Booth	-	5,278	-	5,727	-	449	286,407	2.2
L.M. Charlton	525	5,071	525	7,602	-	2,531	406,400	3.1
D.A. Dodge	-	3,321	-	5,239	-	1,918	262,002	2.0
D.M. Ellard	-	1,317	100	2,239	100	922	116,967	0.9
L.A. Heathcott	2,000	7,011	2,000	7,972	-	961	498,580	3.8
R.J. Normand	-	2,756	-	4,183	-	1,427	209,192	1.6
R.J. Routs	-	1,311	-	2,429	-	1,118	121,474	0.9
J.W. Simpson	-	5,887	-	7,785	-	1,898	389,328	2.9
N.C. Southern ⁽³⁾	2,500	23,850	2,500	44,090	-	20,240	2,329,816	17.6
R.D. Southern ⁽⁴⁾	144,804	358,104	144,804	358,104	-	-	25,141,741	143.7
R.J. Urwin	-	9,623	-	10,075	-	452	503,851	3.8
C.W. Wilson	-	25,088	-	44,046	-	18,958	2,202,740	16.6
Total	149,829	448,617	149,929	499,491	100	50,874	32,468,498	

⁽¹⁾ Equity at Risk is shown as at March 7, 2011, and is the market value determined by reference to the closing price of Class A non-voting shares (\$50.01) and Class B common shares (\$49.95) on the Toronto Stock Exchange. Preferred shares and options are excluded.

⁽²⁾ D.M. Ellard and R.J. Routs have less than five years tenure on the Board.

⁽³⁾ The calculation to determine the multiple of the annual board retainer is a requirement for non-employee directors only. N.C. Southern does not receive a retainer. Her shareholdings and values are provided for information purposes only.

⁽⁴⁾ Mr. Southern owns 4 Class B common shares and 259,504 Class A non-voting shares of the Corporation and is the controlling shareholder of Sentgraf Enterprises Ltd., which owns 144,800 Class B common shares and 98,600 Class A non-voting shares.

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, 2010.

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾ (#)	Date Granted	Expiry Date	Grant Price ⁽¹⁾ (\$)	Vested Options at December 31, 2010	
					Number (#)	Value of Unexercised in-the-Money Options ⁽²⁾ (\$)
L.M. Charlton	2,750	May 8, 2002	May 8, 2012	28.645	2,750	70,826
	2,000	May 5, 2006	May 5, 2016	37.12	1,600	27,648
	4,750				4,350	98,474
D.A. Dodge	2,000	Jul. 1, 2008	Jul. 1, 2018	44.02	800	8,304
D.M. Ellard	2,000	May 7, 2008	May 7, 2018	45.34	800	7,248
R.J. Normand	2,000	May 7, 2008	May 7, 2018	45.34	800	7,248
R.J. Routs	2,000	May 7, 2008	May 7, 2018	45.34	800	7,248
J.W. Simpson	2,000	Dec. 1, 2005	Dec. 1, 2015	43.49	2,000	21,820
R.D. Southern ⁽³⁾	20,000	Jan. 1, 2003	Jan. 1, 2013	25.905	20,000	569,900
R.J. Urwin	2,000	May 4, 2007	May 4, 2017	46.28	1,200	9,744

⁽¹⁾ Grant prices and the number of options have been adjusted to reflect the two-for-one stock split by way of stock dividend on September 15, 2005.

⁽²⁾ The difference between the market value of the Corporation's Class A non-voting shares on December 31, 2010, of \$54.40 and the grant price of the options, multiplied by the number of vested in-the-money options at December 31, 2010.

⁽³⁾ Options granted as executive compensation, not director compensation.

The following table lists all outstanding share appreciation rights (SARs) held by the non-employee directors at December 31, 2010.

Name	Date Granted	Expiry Date	Grant Price ⁽¹⁾ (\$)	Granted ⁽¹⁾ (#)	Vested SARs at December 31, 2010	
					Number (#)	Value ⁽²⁾ (\$)
R.D. Southern ⁽³⁾	Jan. 1, 2003	Jan. 1, 2013	25.905	30,000	30,000	854,850

⁽¹⁾ The grant price and the number of SARs have been adjusted to reflect the two-for-one stock split by way of stock dividend on September 15, 2005.

⁽²⁾ The difference between the market value of the Corporation's Class A non-voting shares on December 31, 2010, of \$54.40 and the grant price of the SARs, multiplied by the number of vested SARs at December 31, 2010.

⁽³⁾ SARs granted as executive compensation, not director compensation.

The following table discloses the value vested during the year on incentive plan awards. The table provides the aggregate dollar value that would have been realized if options for the Corporation's Class A non-voting shares had been exercised on the vesting date. There are no outstanding share appreciation rights held by non-employee directors that are not fully vested.

Name	Option Value Vested during the Year (\$)
L.M. Charlton	2,952
D.A. Dodge	536
D.M. Ellard	-
R.J. Normand	-
R.J. Routs	-
J.W. Simpson	3,372
R.J. Urwin	-

The following table summarizes the options exercised during 2010 by directors who were not employees of the Corporation. No share appreciation rights were exercised.

Name	Options Exercised ⁽¹⁾ (#)	Aggregate Value Realized ⁽²⁾ (\$)
L.M. Charlton	1,250	24,821
R.D. Southern	40,000	1,071,600
C.W. Wilson	10,000	211,350

⁽¹⁾ Figures have been adjusted to reflect the two-for-one stock split by way of stock dividend on September 15, 2005.

⁽²⁾ Represents the difference between the grant price and the market price of the Corporation's Class A non-voting shares at the time of exercise multiplied by the number of options exercised.

Director Retirement

Any director who turns 70 years of age is required to tender a letter of resignation to the Chairman of the Board. The Chairman of the Board, together with the members of GOCOM, will then evaluate whether to accept the resignation depending on the needs of the Board and circumstances of the Corporation at that time. If the resignation is not accepted it will be kept until such time as it is accepted by the Chairman. When the resignation is accepted it will become effective at the next annual meeting of shareholders.

Board Committees

The Board of the Corporation has four committees: the Audit Committee, the Corporate Governance - Nomination, Compensation and Succession Committee, the Risk Review Committee, and the Pension Fund Committee. The Board annually appoints committee members and reviews and approves the committee mandates.

Director	Board Committees			
	Audit	GOCOM	Risk Review	Pension Fund
L.M. Charlton	X		X	
D.A. Dodge				Chair
D.M. Ellard	X		X	
L.A. Heathcott				X
R.J. Normand	X		X	
R.J. Routs				X
J.W. Simpson	Chair	X	Chair	
R.J. Urwin	X	X		
C.W. Wilson		Chair		

All Committee Chairs provide regular reports to the Board. Copies of the committee mandates are available on the Corporation's website at www.canadian-utilities.com. The Audit Committee mandate and the other information required to be disclosed by National Instrument 52-110 *Audit Committees* is also disclosed in Appendix 2 to the Corporation's annual information form dated February 22, 2011.

Audit Committee



Members: J.W. Simpson (Chair), L.M. Charlton, D.M. Ellard, R.J. Normand, and R.J. Urwin

The Audit Committee is comprised of five members. Each member is independent and financially literate within the meaning of these terms as defined in National Instrument 52-110 *Audit Committees*. The Committee is responsible for overseeing the accounting and financial reporting processes of the Corporation and the audit of the financial statements of the Corporation. A copy of the Audit Committee's mandate is available on the Corporation's website – www.canadian-utilities.com.

During 2010, the Audit Committee held four meetings and, in accordance with its mandate, achieved the following:

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 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*; and
- Received quarterly updates on the adoption and implementation of International Financial Reporting Standards.

** Designated Audit Directors, referred to as DADs, are directors of the Corporation. This oversight program calls on the strengths and experience of directors in various industry sectors. DADs are responsible for meeting on a quarterly basis with management, meeting annually with internal and external auditors, reviewing the financial statements and operating results of their assigned principal operating subsidiaries, and reporting their findings to the Audit Committee. The Committee reviews the mandate of the Designated Audit Directors annually.*

Internal Controls

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

External Auditor

- Recommended, for shareholder approval, the appointment of the external auditor;
- Reviewed and approved the external auditor's plan for quarterly reviews and the annual audit;
- Reviewed the external auditor's compensation and recommended for Board approval;
- Reviewed and approved non-audit services by the external auditor;
- 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 the quarterly consolidated financial statements and management's discussion and analysis;
- Received reports from the external auditor on the annual consolidated financial statements, management's discussion and analysis, and annual information form;
- Met quarterly with the external auditor without the presence of management; and
- Reviewed the External Auditor Services and Recruitment of External Auditor policies.

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, which contains procedures for the confidential receipt, retention and treatment of complaints received regarding accounting, purchasing and auditing irregularities, inadequate internal controls, fraud and theft;
- Reviewed reports on the investigations of complaints received; and
- Reviewed the mandate for Internal Audit.

The Committee reviewed its mandate and is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2010.

Submitted by the members of the Audit Committee:

J.W. Simpson, Chair
 L.M. Charlton
 D.M. Ellard
 R.J. Normand
 R.J. Urwin

Corporate Governance - Nomination, Compensation and Succession Committee



Members: C.W. Wilson (Chair), J.W. Simpson, and R.J. Urwin

The Corporate Governance - Nomination, Compensation and Succession Committee has three members. The Committee is responsible for contributing to the effective stewardship of the Corporation by assisting the Board in its oversight of corporate governance, nomination, compensation and succession matters. The Committee reviews the mandates of the Board and its committees on an annual basis and is responsible for the disclosure respecting compensation and the basis on which performance is measured. The Committee reviews and determines the overall compensation program for the senior executive officers of the Corporation and its subsidiaries including base salary, short-term, mid-term, and long-term incentives. This process is outlined on page 21. The Committee also assesses the effectiveness of the Board and its Committees, reviews the size and composition of the Board, and considers persons as nominees for directors.

The Committee held four meetings in 2010 with one of the meetings more than one day in length. During those meetings the Committee reviewed and made recommendations regarding the following:

- The Chief Executive Officer's performance, related annual bonus and base salary;
- Annual bonuses and base salaries of senior executive officers;
- Corporate targets and the Chief Executive Officer's objectives;
- Succession plans for the Chief Executive Officer and senior management;
- Amendments to compensation plans;
- Officer appointments;
- Strategies to attract, develop and retain employees;
- Corporate governance disclosure;
- Grants under the Mid-Term Incentive Plan;
- Grants of stock options and share appreciation rights;
- Officers' supplemental pension plan;
- Board Committee, Board and individual director evaluation processes; and
- Directors' compensation.

The Committee continues to spend a significant amount of time on Board succession and recruitment. In addition, the Committee receives updates from legal counsel on recent developments in corporate governance and disclosure.

In camera sessions were held at each of the 2010 meetings.

In November 2010, the Committee reviewed its mandate. The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2010.

Submitted by the members of the Corporate Governance - Nomination, Compensation and Succession Committee:

C.W. Wilson, Chair
J.W. Simpson
R.J. Urwin

Risk Review Committee



Members: J.W. Simpson (Chair), L.M. Charlton, D.M. Ellard, and R.J. Normand

The Risk Review Committee is comprised of four members. The Committee's principal purpose is to ensure risks that are identified as being significant to the Corporation and its subsidiaries are being addressed by management and that appropriate mitigation measures are being implemented.

The Committee is also responsible for ensuring that adequate systems are in place in the principal operating subsidiaries to monitor and comply with applicable environmental legislation and conform to industry standards. The Committee may seek advice from the Corporation's officers who will provide the Committee with expertise and support related to their specific areas of responsibility.

The Committee held two meetings in 2010 during which the following matters were reviewed:

- Potential risks including market, operational, funding and liquidity, regulatory and overall business risk;
- Reports from subsidiary Risk Management Committee meetings;
- Report on Risk Management Committee assessments by the internal auditor;
- Insurance coverage;
- Risk Management and Control policy;
- Risk Management Committee mandate;
- Crisis Management Committee report and mandate;
- Business continuity planning; and
- IT data security.

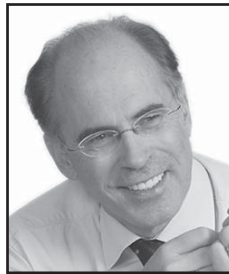
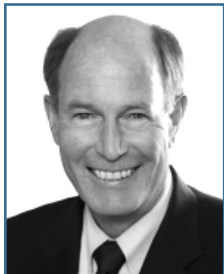
A comprehensive inventory of risks and mitigation plans is tabled at each meeting with discussion following on items of particular interest.

The Risk Review Committee reviewed its mandate in November 2010. The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2010.

Submitted by the members of the Risk Review Committee:

J.W. Simpson, Chair
L.M. Charlton
D.M. Ellard
R.J. Normand

Pension Fund Committee



Members: D.A. Dodge (Chair), L.A. Heathcott, and R.J. Routs

The Pension Fund Committee is comprised of three members. The Committee oversees the retirement plans for employees of the Corporation in accordance with the Pension Governance Policy. The primary responsibilities of this 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.

The Committee held three meetings in 2010 and received reports on the following:

- The plan's compliance with applicable laws, regulations and corporate policies and procedures;
- The appropriateness of the plans' investment options and investment managers' performance;
- The status of liabilities under the plans;
- Funding valuations for the defined benefit plans;

- Administration and investment management costs; and
- Audited financial statements for the plans.

Approved changes to investment fund options for the defined contribution plan were reviewed and implemented.

The Committee receives regular reports and recommendations from the Corporation's Management Pension Committee and during the year also reviewed and approved governance documents and committee mandates.

The Committee held one in camera session during which it reviewed and assessed the performance of the Management Pension Committee.

The Committee reviewed its mandate in November 2010. The Committee is satisfied that it has appropriately fulfilled its mandate for the year ended December 31, 2010.

Submitted by the members of the Pension Fund Committee:

D.A. Dodge, Chair
L.A. Heathcott
R.J. Routs

Directors' and Officers' Liability Insurance

The Corporation, ATCO Ltd. and their subsidiaries have purchased insurance with an annual aggregate limit of \$200,000,000. Coverage for the directors and officers is \$200,000,000, with coverage for the Corporation, ATCO Ltd. and their subsidiaries limited to \$175,000,000. The premium paid by the Corporation in the financial year ended December 31, 2010, was \$436,473. No part of the premium was paid by a director or officer. The Corporation is responsible for the first \$1,000,000 of any loss and there is no deductible in respect of claims against any director or officer.

Contacting the Board of Directors

Interested parties may communicate directly with the Board of Directors through the Chairman of the Board by writing to:

Chairman of the Board of Directors
c/o Corporate Secretary
Canadian Utilities Limited
1400, 909 - 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

APPOINTMENT OF AUDITOR

The persons named in the accompanying form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP as the auditor of the Corporation to hold office until the next annual meeting of shareholders of the Corporation. Appointment of the auditor requires the approval of a majority of the votes cast by the holders of Class B common shares.

Auditor’s Fees

The aggregate fees incurred by the Corporation and its subsidiaries for professional services provided by PricewaterhouseCoopers LLP in 2010 and 2009 were as follows (\$ millions).

	2010	2009
Audit	1.5	1.5
Audit Related	0.8	0.1
Tax	0.2	0.6
Other	0.1	0.0
Total	2.6	2.2

Representatives of PricewaterhouseCoopers LLP plan to attend the annual meeting and will be available to respond to questions.

GOVERNANCE

Corporate Governance - Nomination, Compensation and Succession Committee

The Corporate Governance - Nomination, Compensation and Succession Committee (GOCOM) reviews and determines the overall compensation program for the senior executive officers of the Corporation and its subsidiaries, including base salary, short-term, mid-term, and long-term incentives.

Committee Process

GOCOM recognizes the importance of maintaining sound governance practices for the administration of executive compensation programs. To ensure GOCOM has the ability to effectively perform its responsibilities, the following procedures have been established:

- In camera sessions are held at each meeting to address executive compensation items;
- A tally sheet is reviewed for all senior executive officers that includes a three-year history of base salary, incentive plan payments, discretionary payments, perquisites, share plan ownership and grants, and pension and benefits;
- The granting of long-term incentives (stock options, share appreciation rights, and mid-term incentives) generally occurs once per year during concurrent deliberation of Total Direct Compensation (TDC). TDC is defined as base salary plus target short-term incentives and the expected value of long-term incentives;
- Management is directed to provide the initial analysis and commentary on its behalf on a range of compensation matters;
- This material is reviewed along with other information received from external advisers in GOCOM's deliberations before considering and/or rendering decisions; and
- GOCOM has full discretion to adopt management recommendations or to alter them and to consult its own external advisers.

Independent Advice

GOCOM engages independent compensation consultants to undertake market competitive compensation analysis of executive positions, to provide information on current market practices, and to provide advice in the development of new or revision of existing elements of the executive compensation programs. GOCOM also engages independent legal advice on securities law and matters related to executive compensation.

Executive Compensation Advisory Services

GOCOM engaged the services of Towers Watson to provide executive compensation consulting services during 2010. The mandate of Towers Watson was to undertake market comparisons, to gather information on competitive compensation practices, and to provide advice on developing appropriate compensation programs for the Corporation's executive officers. The fees paid to Towers Watson in 2010 were approximately \$353,414 for compensation, administration, benefits, and actuarial consulting services as well as published surveys and studies. Approximately \$173,956 of the \$353,414 was incurred for direct executive compensation services.

In 2010, Mercer provided the Corporation with non-executive compensation, benefit, and pension actuarial consulting services and published surveys and studies. The fees paid for these services were approximately \$650,000.

GOCOM annually pre-approves the consulting services of Towers Watson and Mercer.

GOCOM Decision-Making Criteria

GOCOM reviews and approves each senior executive officer's TDC annually. Several factors are considered in totality, together with any other considerations that are determined to be relevant, in making compensation decisions. These factors include:

- Market data that shows how the senior executive officer is paid in relation to the market median (50th percentile) for base salary, short-term incentives and long-term incentives;
- Individual performance measures that indicate the senior executive officer's demonstrated delivery of results and alignment to the values and direction of the Corporation, and the ability to develop and mentor high potential employees; and
- Business unit and corporate performance against a range of financial, operational excellence, people leadership, and long-term sustainable growth strategy objectives.

Philosophy, Objectives and Principles

The Corporation's group-wide compensation philosophy is to provide "competitive pay for competitive performance". This philosophy is designed to closely align the interests of executives and shareholders, and to support the continued success of the Corporation. GOCOM approves compensation principles and objectives that are designed to ensure the achievement of this approach.

The objectives of the Corporation's executive compensation plan are as follows:

- Attract and retain talented executives in a highly competitive business environment; and
- Compensate executives in a way that creates sustained shareholder value by:
 - Ensuring all executives have an "at risk" component of total compensation that reflects their ability to influence business outcomes and financial performance;
 - Linking short-term incentives and mid-term incentives to individual and corporate performance and paying only in the event that performance criteria and objectives are met or exceeded;
 - Aligning the performance of the executive to the strategic plan of the Corporation; and
 - Linking stock options and share appreciation rights to sustainable profitable growth.

The Corporation's compensation principles are as follows:

- Establish TDC, pension benefits and perquisites at the median of the relevant comparator markets;
- Provide a significant portion of TDC based on corporate and individual performance which is to be paid only in the event that performance criteria are met or exceeded; and
- Utilize relevant global, national or Alberta-based peer industries and companies that may be of a similar size and scope of operations or for which the data is adjusted to reflect the appropriate size and scope through linear regression analysis. Comparator company data is obtained from the Towers Watson Compensation Database, the Towers Watson Energy Survey, the Mercer Benchmark Database, and the Mercer Total Compensation Survey for the Petroleum Industry.

Comparator Groups Used For Market Competitiveness

Industry	Oil and gas, utilities, energy, general industry, technology, and capital intensive organizations.
Location	Alberta, national and global.
Relevance to Canadian Utilities Limited	Companies are selected based on their comparability to the Corporation's operations. For each subsidiary company the appropriate comparator group is established by industry and comparable size of operations using revenue, number of employees and market capitalization.

The companies that participated in the Towers Watson 2010 database for benchmarking were:

Companies		
Agrium Inc.	EnCana Corporation	Pengrowth Corporation
Alliance Pipeline Limited Partnership	ENMAX Corporation	Penn West Energy Trust
ARC Resources Ltd.	EPCOR Utilities Inc.	SaskEnergy
Atomic Energy of Canada Limited	Fort Chicago Energy Partners L.P.	SaskPower
BC Hydro and Power Authority	Forzani Group Ltd.	Spectra Energy Transmission
Bruce Power Inc.	GDF Suez Energy North America	Stantec Inc.
Canadian Natural Resources Ltd.	Husky Energy Inc.	Suncor Energy Inc.
Canadian Oil Sands Limited	Hydro One Inc.	Talisman Energy Inc.
Canadian Pacific Railway Limited	Hydro-Québec	Terasen Gas
Capital Power Corporation	Imperial Oil Limited	Toronto Hydro Electric Systems Ltd.
CCS Corporation	Manitoba Hydro-Electric	TransAlta Corporation
Cenovus Energy Inc.	Nexen Inc.	TransCanada Corp.
Direct Energy Marketing Ltd.	NOVA Chemicals Corporation	United Farmers of Alberta Cooperative Limited
Emera Inc.	Nova Scotia Power Inc.	WestJet Airlines Ltd.
Enbridge Inc.	Ontario Power Generation Inc.	

EXECUTIVE COMPENSATION PROGRAM ELEMENTS

Executive compensation consists of three main elements: base salary, short-term incentives, and long-term incentives (stock options, share appreciation rights, and mid-term incentives). The percentage of TDC for each element is aligned with the executive's responsibilities and ability to influence business results. The target incentive amount for short-term and long-term incentives varies with an executive's performance and level of responsibility and is considered in conjunction with regular reviews of the executive's achievements. Discretionary incentives may also be awarded to executives for their contribution to especially notable accomplishments. Compensation for senior executive officers requires GOCOM approval.

The following chart provides an overview of the executive compensation program elements and plans, the performance period, and the mix of fixed versus variable pay for the Chief Executive Officer and other senior executive officers.

Total Compensation Elements

Element	Plan	Performance Period	Pay Mix		Component of Total Direct Compensation	Type of Compensation
			Senior Executive Officers (Average)	CEO		
Base Salary	Base Pay Program	1 year	41%	37%	Fixed	Annual
Target Short-Term Incentive	Executive Short-Term Incentive Plan	1 year	34%	27%	Variable	
Mid-Term Incentive	Mid-Term Incentive Plan	Fully vested at the end of 2 - 3 year period	25%	36%		Long-Term
Stock Options	Stock Option Plan	Vesting over 5 years with 10 year term				
SARs	Share Appreciation Rights Plan	Vesting over 5 years with 10 year term				

Base Salary

The base salary program provides a fixed level of income based on the market value of the position. All executive roles are matched to similar positions in the comparator group. Base salaries are targeted at the median (50th percentile); however, salaries up to the 75th percentile are provided to reward sustained individual performance which is above the expectations of the role. GOCOM may make adjustments in a senior executive officer's salary during the year based on changes in the executive's responsibilities.

Short-Term Incentive Plan

The Board of Directors determined that all executive short-term incentives for 2010 would be discretionary and subject to a number of performance criteria.

The performance criteria were:

1. Consolidated Financial Earnings;
2. Operational Excellence Metrics; and
3. Performance by the executive on their predetermined individual objectives.

An individual performance factor was used to differentiate the amount of short-term incentives awarded to top performers, solid performers, and developmental performers. The individual performance factor was established as 80% to 120% of a short-term incentive; top performers were eligible for up to 120% of a short-term incentive, solid performers were eligible for up to 100% of a short-term incentive, and developmental performers (or executives new to the role) were eligible for up to 80% of a short-term incentive. If the individual performance of an executive was rated below 3 out of 5, and this was not due to a new role assignment requiring a developmental period, then no short-term incentive was awarded.

Executive performance is demonstrated through the achievement of objectives that are determined at the beginning of each calendar year. Financial, operational and individual performance measures are set each year. Operational measures are based on operational metrics at the subsidiary level, which reinforce the importance of operating efficiency, safety goals, environmental practices, and other metrics that are relevant to the subsidiary. The individual performance of senior executive officers is measured by their contribution to the achievement of the Corporation's goals.

Performance assessments were completed on all executives that included measurement of their individual goals and contribution to the corporate objectives. Each business unit leader calibrated their executives and provided a recommendation to the Chief Executive Officer. The Chief Executive Officer reviewed all executive performance assessments and the recommended calibration. The Chief Executive Officer then provided GOCOM with a final recommendation on performance rating, individual performance factor, and the short-term incentives for senior executive officers.

The short-term incentive program includes a provision that forfeits short-term incentive payments to the employees and executives with direct accountability if an event causes a material re-statement of the consolidated financial statements or management's discussion and analysis.

Based on the achievement of 2010 performance criteria, short-term incentives were awarded to the Named Executive Officers as shown in the tables on pages 32 to 36.

Mid-Term Incentive Plan

The Mid-Term Incentive Plan (MTIP) is designed to reward and retain key individuals for their dedicated efforts to long-term business growth and success. The MTIP provides performance-based compensation in the form of Canadian Utilities Limited non-voting shares that are subject to a two - three year vesting period. If both individual and corporate performance requirements are met or exceeded at the end of the two - three year period, the shares vest.

Long-Term Incentive Plans – Stock Options and Share Appreciation Rights

The long-term incentive plans are designed to reward sustainable profitable growth. GOCOM awards stock options and share appreciation rights on a discretionary basis in conjunction with an analysis of each executive's TDC and individual performance.

The Corporation is authorized to grant options to purchase 6,400,000 Class A non-voting shares (5.1% of the number of outstanding Class A non-voting and Class B common shares as of December 31, 2010). During 2010, 53,000 options were granted, 209,350 Class A non-voting shares were issued on the exercise of options and 9,700 options were cancelled.

Stock Option Plan

GOCOM may designate officers and key employees of the Corporation and its subsidiaries to be granted options to purchase Class A non-voting shares at an exercise price equal to the weighted average of the trading price of the shares on the TSX for the five trading days immediately preceding the date of grant. The vesting provisions and exercise period are determined at the time of grant. Options are not assignable and cannot be converted into share appreciation rights. Options terminate on the earlier of their expiration or 90 days after a participant ceases to be an officer or employee for any reason other than death, disability or retirement, in which case they terminate after two years.

Amendments to the Stock Option Plan

As part of the 2010 Federal Budget, new rules on the tax treatment of equity incentive plans were introduced. The Corporation is now required to immediately withhold income tax on all stock options exercised on or after January 1, 2011. As of January 1, 2011, the Corporation is required to remit income tax based on any gains and these taxes will be deducted from the proceeds payable at time of exercise. These new rules apply on all exercise transaction types (exercise and sell, exercise and hold, and cashless exercises).

Under certain circumstances, the previous legislation allowed a deferral of the income inclusion for tax purposes until the sale of the securities. This option to defer has been repealed as of March 4, 2010.

Share Appreciation Rights Plan

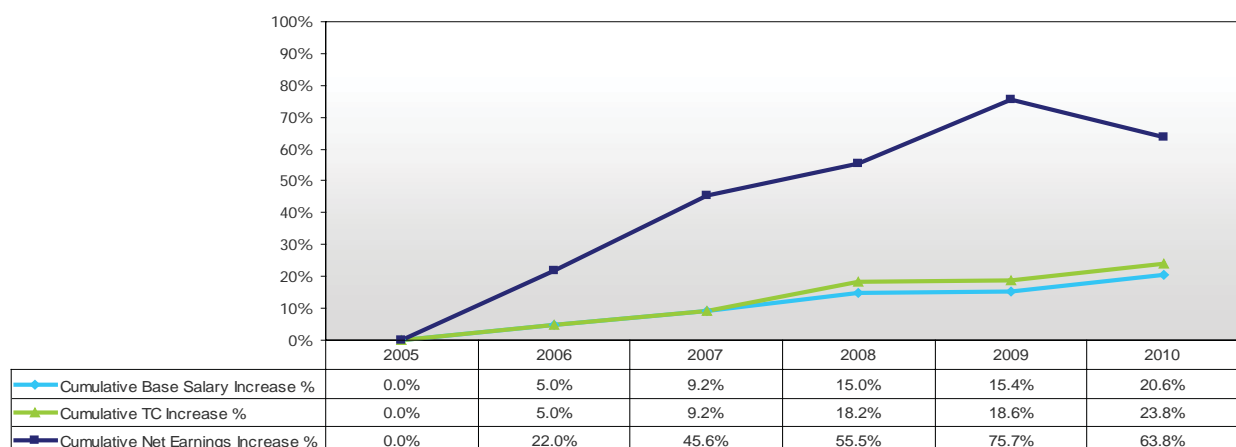
In addition to the stock option plan, the Corporation has a share appreciation rights plan. GOCOM may designate directors, officers and key employees of the Corporation and its subsidiaries to be granted share appreciation rights based on the Class A non-voting shares. The vesting provisions and exercise period, which cannot exceed ten years, are determined at the time of grant. The holder is entitled to receive a cash payment from the Corporation equal to any increase in the market price of the Class A non-voting shares over the base value of the share appreciation rights exercised. The base value is equal to the weighted average of the trading price of the Class A non-voting shares on the TSX for the five trading days immediately preceding the date of grant. Rights are not assignable and terminate on the earlier of their expiration or 90 days after a participant ceases to be an officer or employee for any reason other than death, disability, or retirement, in which case they terminate after two years.

Equity Compensation Plan Information

Plan Category	Number of Non-Voting Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Non-Voting Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Outstanding Options)	Total Number of Outstanding Non-Voting Shares	Non-Voting Shares to be Issued Upon Exercise of Outstanding Options as a % of Total Number of Outstanding Non-Voting Shares	Non-Voting Shares Remaining Available for Future Issuance as a % of Total Number of Outstanding Non-Voting Shares
Equity compensation plans approved by shareholders						
At December 31, 2010	705,850	\$39.23	2,946,200	85,965,392	0.8%	3.4%
At March 7, 2011	698,650	\$39.31	2,946,600	87,073,850	0.8%	3.4%

Performance Charts

The graph below compares the increase in target compensation (TC) for the Named Executive Officers to the growth in earnings over a five-year period.

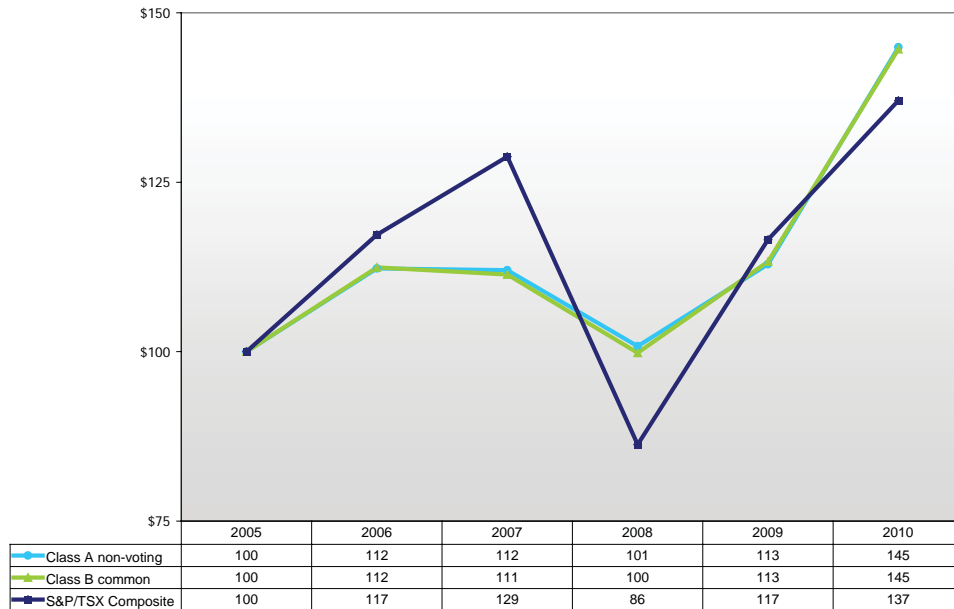


Note: TC equals annual salary plus target annual short-term incentive.

The graph below compares the five-year cumulative return on the Class A non-voting shares and Class B common shares of the Corporation (assuming reinvestment of dividends) with the cumulative total return of the S&P/TSX Composite Index.

Shareowners' Return Outperforms Market

Five-Year Total Return on \$100 Investment

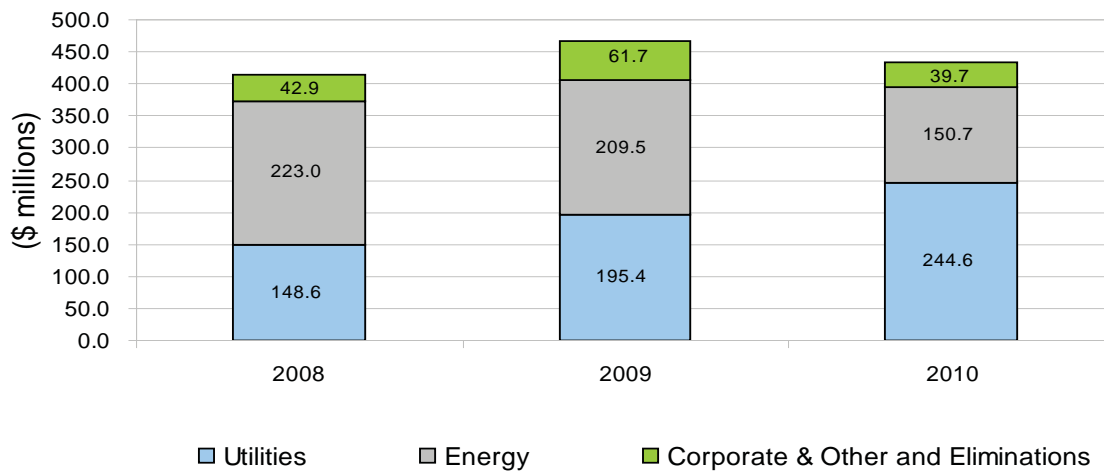


Note: 2006 figures include a special dividend of 25 cents per share paid on September 1, 2006.

The following chart provides segmented earnings for the Corporation's business segments for the past three years.

Business Unit Performance

Three-Year Segmented Earnings



Overview of Performance

In 2010, the Corporation achieved solid financial earnings. A number of significant achievements were realized throughout the organization.

Performance Measures

The following table provides a summary of the performance objectives that were set for the Corporation for 2010 and the performance outcome against each target.

Corporate Objective	Target Set	Performance Outcome
Consolidated Financial	To achieve net earnings for the Corporation as set by the Board of Directors	<ul style="list-style-type: none"> Earnings of \$435.0 million (\$3.46 per share) for the year ended December 31, 2010.
Operational Excellence	Health and Safety of Employees and Contractors: <ul style="list-style-type: none"> Strive for incident-free operating environment Continuous improvement initiatives Promote public safety 	All Canadian Utilities subsidiary companies set comprehensive health and safety goals that measure performance and identify improvement opportunities. Some of the performance outcomes for 2010 include: <ul style="list-style-type: none"> ATCO Power received the 2009 Canadian Electrical Association President's Bronze Award of Excellence for Employee Safety in 2010. ATCO Electric helped launch Alberta's first Power Line Safety Day in conjunction with the Joint Utility Safety Team, industry partners and the Government of Alberta. ATCO Electric's Farm Safety Campaign encouraged farmers to plan ahead and let ATCO assist them with moving large equipment. ATCO Gas launched a province-wide winter safety campaign to encourage homeowners to keep yards clean and sidewalks shoveled to protect themselves and service meter readers from accidents. ATCO Gas launched a carbon monoxide safety campaign that educated Albertans on how to detect and avoid carbon monoxide in the home. Pandemic Response Plans from Canadian Utilities subsidiary companies were audited against a common corporate standard. ATCO Midstream received awards from the Gas Processing Association Canada in recognition of no Lost Time Accidents at nine facilities.
	Service Quality: <ul style="list-style-type: none"> Service levels Reliability/Performance Availability of plant Customer satisfaction 	All Canadian Utilities subsidiary companies set operational goals to ensure service levels, plant reliability and availability, and customer satisfaction as well as several subsidiary-specific operational metrics. All incentive plans are weighted to ensure a significant impact from operational excellence goals. <ul style="list-style-type: none"> The ATCO Electric Central Work Desk, created to improve operational efficiency and response time, celebrated its first year of operations. The team handled more than 17,000 calls. To support reliability and performance, new state-of-the-art web-based call centre technology was implemented in ATCO Electric to better manage and track calls. After-hours assistance is now being provided to Northland Utilities in Yellowknife. An Outage Management System, which automates the assignment of outage work and allows Distribution Operators to communicate information electronically to the field, became fully operational throughout ATCO Electric in 2010. In Stettler, Alberta, a pilot project using new technology to better manage power outages was launched by ATCO Electric. The Power Reliability Outage Assessment System pilot interfaces with automatic meter reading technology to quickly estimate the outage location and relays the information to field staff. In 2010, an independent survey of Albertans indicated that 94% of customers had an overall favorable impression of ATCO Gas. ATCO I-Tek achieved Payment Card Industry Data Security Standard certification, an elite level within the industry. This internationally recognized certification demonstrates the company's

Corporate Objective (continued)	Target Set (continued)	Performance Outcome (continued)
Operational Excellence (continued)		<p>ongoing commitment to proactively protect customer credit card information.</p> <ul style="list-style-type: none"> ATCO Power completed construction of the Karratha power station in Western Australia on time, on budget and without a single lost time safety incident.
	<p>Management Controls:</p> <ul style="list-style-type: none"> Financial controls reporting (no significant or reportable weaknesses in internal control over financial reporting) 	<ul style="list-style-type: none"> Testing conducted in 2010 revealed no significant or reportable weaknesses in internal control over financial reporting.
	<p>Environmental Stewardship:</p> <ul style="list-style-type: none"> Strive to minimize our environmental impacts Efficiency and environmental considerations in our projects 	<p>All Canadian Utilities subsidiary companies set goals that measure environmental performance and identify opportunities for continuous improvement.</p> <ul style="list-style-type: none"> The Corporation released its corporate sustainability report providing readers with a snapshot of its commitments, challenges and achievements in four key areas: environment, safety, employees and community. This report met internationally recognized reporting standards. The Corporation sent its third consecutive submission to the Carbon Disclosure Project (CDP). Thousands of organizations from across the world measure and disclose their greenhouse gas emissions and climate change strategies through CDP. ATCO Gas opened the North Edmonton Operations Centre, the largest commercial building in Canada to make use of geothermal heating, ventilating and cooling (HVAC) technology. Natural gas-fueled pumps are used in its heating and cooling system. The facility uses 40% less energy than similar-sized buildings. It is estimated to reduce carbon dioxide emissions by 60 metric tonnes annually. An ATCO Gas Operations Centre, to be equipped with geothermal technology, is currently under construction in Airdrie, Alberta. ATCO Gas celebrated the opening of its first Blue Flame Kitchen Learning Centre. The new 3,000 square foot facility provides the public with hands-on learning from a team of experts while sharing tips on energy efficiency, conservation and food safety. ATCO EnergySense launched its Energy Mobile, a traveling classroom designed to give students an opportunity to learn about Alberta's energy sources and energy conservation in a fun, hands-on setting. ATCO EnergySense coordinators travel with the classroom, answering students' questions and helping them to interact with the various learning stations. ATCO Power completed construction of pollution control equipment that will reduce mercury emissions from its coal-fired generation. ATCO Midstream completed efficiency upgrades to compressor equipment that will result in reduced power consumption.
People Leadership	<p>Succession Management:</p> <ul style="list-style-type: none"> Develop a performance driven pool of leadership talent 	<ul style="list-style-type: none"> The Corporation focused on identifying key roles for succession and replacement planning by defining the competencies required to undertake those roles, and assessing employees against these criteria. This involves identifying "pools" of talent that could potentially fill and perform highly in key roles. The Corporation developed high potential employees to assume greater roles of responsibility and be ready for advancement into key roles. In 2010, the Corporation supported its succession efforts by providing 92 promotions or developmental moves.
	<p>Leadership Development:</p> <ul style="list-style-type: none"> Build and develop leadership capability 	<ul style="list-style-type: none"> The Corporation continued in its integrated approach to formal leadership development programs designed for all levels of employees. In 2010, the Corporation's continued commitment to leadership development was demonstrated by 389 employees participating in leadership development courses. To date, 98% of all mid-level and senior management have attended a leadership development program. The Corporation's internal Executive Coaching Program was launched in 2010 with a focus on enhancing leadership capabilities.

Corporate Objective (continued)	Target Set (continued)	Performance Outcome (continued)
People Leadership (continued)	Attraction and Retention: <ul style="list-style-type: none"> Ensure that key talent is recruited and retained in an exceptionally competitive environment 	<ul style="list-style-type: none"> The Corporation hired 407 employees in 2010. Total employee turnover, excluding retirements, internal transfers, and involuntary terminations, was reduced to 3.2%. Corporate community involvement such as the Employees Participating in Communities (EPIC) fundraising program, which raised \$2.97 million for more than 500 charities and community groups across Canada for 2010, assists in attracting and retaining employees. Enhancements made to the Career Maps Program to include competencies creates career mobility while leveraging employees' strengths and the Corporation's multiple career opportunities.
Long-Term Sustainable Growth	The long-term growth strategies of the subsidiaries: <ul style="list-style-type: none"> Capital expansion Market penetration The strategic planning and integration of long-term growth across the ATCO Group	The Corporation was successful in completing many initiatives that supported the 2010 capital program and positioned the Corporation for continued expansion in future years. Some of these initiatives include the following: <ul style="list-style-type: none"> The Alberta Electric System Operator asked ATCO Electric to develop the plan to build and operate a vitally important 500 kilovolt transmission line down the eastern side of the province. Extensive public consultation has been conducted and is on-going. Last summer more than 5,000 Albertans took time to provide valuable input on the project. The first public consultations for the Hanna Region Transmission Development Project reached more than 1,200 residents. Preferred route and site options were determined in the fall followed by a second round of consultations. A facilities application has been submitted and is pending approval with construction proposed to begin in 2011. In 2010, the City of Edmonton approved a 20-year renewal of the ATCO Gas franchise agreement to provide natural gas distribution services to nearly 250,000 customers in the area. In addition, Northland Utilities renewed its franchise agreement with the City of Yellowknife. The ten-year agreement marked the City's confidence in the Corporation to provide electrical service. Serving approximately 8,000 customers, Yellowknife is Northland Utilities' largest franchise in the Northwest Territories. ATCO Power completed and opened the 86 megawatt Karratha power generating station in Western Australia. ATCO Pipelines and TransCanada Corporation made significant progress towards the integration of their services and systems within the province of Alberta as initial approvals were received from both the Alberta Utilities Commission and the National Energy Board. The City of Edmonton awarded ATCO I-Tek a contract to provide secondary data centre services to support the City's dynamic and growing computing environment. This new relationship for ATCO I-Tek supports its strategic direction of growth in the Canadian Information Technology marketplace. <p>In addition to the completion of many activities undertaken as part of the 2010 capital expansion, the Corporation was also able to complete a number of initiatives to position the company in new markets, such as the following:</p> <ul style="list-style-type: none"> ATCO Australia Pty Ltd. was created to provide a full range of services including energy, power generation and infrastructure businesses that complement the Corporation's core competencies. The primary targets are the mining and petroleum industries, and this reinforces the Corporation's belief in the strength of the Australian economy, particularly the resource-rich region of Western Australia.

TOTAL COMPENSATION SUMMARY

Each Named Executive Officer's total compensation is provided in a table that includes a complete tally of his or her annual TDC, securities, other earnings and total compensation for the last three fiscal years. This table reflects all compensation received by the Named Executive Officers from the Corporation and its subsidiaries, including, without limitation, CU Inc. and all of its subsidiaries, for their services as executive officers in all capacities.

During 2010, N.C. Southern, B.R. Bale, S.W. Kiefer, and S.R. Werth served in similar senior executive positions with ATCO Ltd., the parent of the Corporation. S.F. Policchio is President, ATCO Electric, Capital Projects Division.

N.C. Southern, B.R. Bale, S.W. Kiefer, and S.R. Werth did not receive separate salaries, short-term incentives or pensions for serving both ATCO Ltd. and Canadian Utilities Limited. The amounts reported in this circular are the amounts that Canadian Utilities Limited and its subsidiaries paid to these officers for their contribution to these corporations. The salary and short-term incentive amounts for these officers are determined annually on a consolidated basis. The total compensation provided to these officers for their contributions to ATCO Ltd. and its subsidiaries, including Canadian Utilities Limited and its subsidiaries, is disclosed in the ATCO Ltd. management proxy circular for its annual meeting of shareholders to be held on May 11, 2011.

Formula for Apportionment of Total Compensation for N.C. Southern, B.R. Bale, S.W. Kiefer and S.R. Werth

Canadian Utilities Limited's share of the consolidated amount of total compensation is based on a number of considerations, including:

- The portion of the consolidated assets of ATCO Ltd. that the assets of Canadian Utilities Limited represent;
- The estimated portion of each executive officer's time anticipated to be spent performing services as an executive officer of Canadian Utilities Limited and its subsidiaries; and
- Decisions of the Alberta Utilities Commission.

For 2010, Canadian Utilities Limited paid 89.1% of the total compensation and ATCO Ltd. paid 10.9% of these amounts. For 2009 and 2008, Canadian Utilities Limited paid 90% of the total compensation and ATCO Ltd. paid 10% of these amounts.

Employment Agreement for N.C. Southern, President & Chief Executive Officer

Term of Agreement

The Corporation has an employment agreement with N.C. Southern extending to February 28, 2013, and continuing from year to year thereafter. The amount of salary and the value of benefits paid in 2010 under this agreement have been included in the table on page 32. Termination provisions are disclosed in the Termination and Change of Control table on page 40.

Disability and Life Insurance

N.C. Southern's employment agreement provides for the payment of certain benefits upon her death or disability prior to retirement or termination. The amount of such benefits is based on her salary and is determined in accordance with formulas that take into account amounts payable to her under the group life insurance policies and disability income programs of the Corporation.

Named Executive Officers



Nancy C. Southern

Age: 54

Location: Calgary, AB
Canada

Years of Service: 21

Ms. Southern is Deputy Chair, President & Chief Executive Officer of Canadian Utilities Limited. Previously, Ms. Southern was Co-Chairman and Chief Executive Officer from 2000 to 2003, Deputy Chief Executive Officer from 1998 to 2000, and Deputy Chairman from 1996 until 1998. Ms. Southern has been a director of the Corporation since 1990. Ms. Southern has full responsibility for strategic direction and the operations of the Corporation, reporting to the Board of Directors. Under Ms. Southern's guidance as President & Chief Executive Officer, earnings have increased from \$259.1 million in 2003 to \$435.0 million in 2010 (an increase of 67.9%). In addition, Canadian Utilities Limited's total assets have grown from \$6.2 billion in 2003 to approximately \$9.4 billion in 2010 and the Corporation's capitalization improved from 50% equity in 2003 to 55% equity in 2010.

Three Year Compensation

Year	Salary ⁽¹⁾	Share Based Awards ⁽²⁾	Option Based Awards ^{(3) (4)}	Non-Equity Incentive Plan Compensation ⁽¹⁾		Pension Value ⁽⁵⁾	All Other Compensation ⁽⁶⁾	Total Compensation
				Annual Incentive Plans	Long Term Incentive Plans			
2010	891,000	318,710	567,480	645,975	-	240,697	13,365	2,677,227
2009	900,000	-	-	810,000	-	219,308	13,500	1,942,808
2008	900,000	-	798,120	1,080,000	-	1,271,942	19,125 ⁽⁷⁾	4,069,187

⁽¹⁾ The amounts shown under salary and annual incentive plans were paid by Canadian Utilities Limited and reflect 89.1% of the Named Executive Officer's total salary and annual incentive plans paid by ATCO Group in 2010. For 2009 and 2008, Canadian Utilities Limited paid 90% of the consolidated salary and annual incentive plan amounts. Base salary was not increased in 2010, 2009 or 2008.

⁽²⁾ Value of share based awards is based on the binomial value of the initial grant plus the dollar value of the dividends granted.

⁽³⁾ Grant values are determined by utilizing the binomial valuation methodology. For accounting purposes the Black-Scholes method is used. Binomial valuation methodology is utilized for executive compensation because all sources of benchmark data are reported on this basis. The binomial values exceed the Black-Scholes values for N.C. Southern by \$67,980 for 2010 and \$127,120 for 2008.

⁽⁴⁾ Amounts represent the sum of Canadian Utilities Limited stock option and share appreciation right values.

⁽⁵⁾ Pension value is a calculated amount to represent the portion of a future pension that would be assigned to each year as well as other compensatory related items. It is calculated using a prescribed formula based on numerous assumptions.

⁽⁶⁾ Represents the employer contribution to the Employee Share Purchase Plan.

⁽⁷⁾ Represents the employer contribution to the Employee Share Purchase Plan for a 17-month period due to a change from annual to monthly employer contributions.

	Aggregate Holdings and Value of Options and SARs Held on December 31, 2010				Options and SARs Exercised during 2010	
	Unexercised Options/SARs at December 31, 2010		Value of Unexercised In-the-Money Options/SARs at December 31, 2010		Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)
	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)		
Class A non-voting						
Options	292,000	85,500	6,114,420	729,305	40,000 ⁽⁸⁾	1,031,600
SARs	222,000	75,500	4,942,780	620,905	-	-

⁽⁸⁾ Represents the exercise of 40,000 options to acquire Class A non-voting shares of the Corporation.

Named Executive Officers (continued)



Brian R. Bale

Age: 55

Location: Calgary, AB
Canada

Years of Service: 29

Mr. Bale was appointed Senior Vice President & Chief Financial Officer, Canadian Utilities Limited, effective December 1, 2009, responsible for Finance, Accounting, Treasury, Taxation, Risk Management and the administration of Internal Audit. Previously, Mr. Bale was Senior Vice President, Finance & Regulatory, ATCO Gas. Since joining ATCO in 1981, Mr. Bale has held a variety of finance and regulatory management positions within the Corporation and was appointed an officer of ATCO Gas in 2005.

Three Year Compensation

Year	Salary ⁽¹⁾	Share Based Awards ⁽²⁾	Option Based Awards ^{(3) (4)}	Non-Equity Incentive Plan Compensation ⁽¹⁾		Pension Value ⁽⁵⁾	All Other Compensation ⁽⁶⁾	Total Compensation
				Annual Incentive Plans	Long Term Incentive Plans			
2010	256,905	95,613	37,832	311,850	-	914,395	3,854	1,620,449
2009	186,000	-	-	178,500	-	28,875	2,790	396,165
2008	180,000	-	31,925	151,200	-	38,305	3,645 ⁽⁷⁾	405,075

⁽¹⁾ The amounts shown under salary and annual incentive plans are the total consolidated salary and bonus of the Named Executive Officer of which 100% was paid by Canadian Utilities Limited in 2008 and from January 1 to November 30, 2009, during which time Mr. Bale was an officer of ATCO Gas and Pipelines Ltd. Upon Mr. Bale's appointment as Senior Vice President & Chief Financial Officer of ATCO Group, 90% of his salary and annual incentives for the period of December 1 to December 31, 2009, was paid by Canadian Utilities Limited. For 2010, Canadian Utilities Limited paid 89.1% of the consolidated salary and annual incentive plan amounts.

⁽²⁾ Value of share based awards is based on the binomial value of the initial grant plus the dollar value of the dividends granted.

⁽³⁾ Grant values are determined by utilizing the binomial valuation methodology. For accounting purposes the Black-Scholes method is used. Binomial valuation methodology is utilized for executive compensation because all sources of benchmark data are reported on this basis. The binomial values exceed the Black-Scholes values for B.R. Bale by \$4,532 for 2010 and \$5,085 for 2008.

⁽⁴⁾ Amounts represent the sum of Canadian Utilities Limited stock option and share appreciation right values.


⁽⁵⁾ Pension value is a calculated amount to represent the portion of a future pension that would be assigned to each year as well as other compensatory related items including naming B.R. Bale to the supplemental plan as outlined in the Pension Benefits section. It is calculated using a prescribed formula based on numerous assumptions.

⁽⁶⁾ Represents the employer contribution to the Employee Share Purchase Plan.

⁽⁷⁾ Represents the employer contribution to the Employee Share Purchase Plan for a 17-month period due to a change from annual to monthly employer contributions.

	Aggregate Holdings and Value of Options and SARs Held on December 31, 2010				Options and SARs Exercised during 2010	
	Unexercised Options/SARs at December 31, 2010		Value of Unexercised In-the-Money Options/SARs at December 31, 2010		Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)
	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)		
Class A non-voting						
Options	2,600	4,900	19,856	37,719	-	-
SARs	2,600	4,900	19,856	37,719	-	-

Named Executive Officers (continued)

	Siegfried W. Kiefer	<p>Mr. Kiefer was appointed in 2004 to the position of Managing Director, Utilities Business Group, Canadian Utilities Limited. As Managing Director, Utilities Business Group, Mr. Kiefer oversees the operations of ATCO Gas, ATCO Electric and ATCO Pipelines in addition to Northland Utilities and Yukon Electrical. In 2010, Mr. Kiefer was responsible for overseeing the continued growth in utility investment while the Utilities Group achieved new records in service levels and safety performance. Since joining ATCO in 1983, Mr. Kiefer has held progressively senior roles in ATCO Ltd. and Canadian Utilities Limited.</p>
	Age: 52	
	Location: Calgary, AB Canada	
	Years of Service: 28	

Three Year Compensation

Year	Salary ⁽¹⁾	Share Based Awards ⁽²⁾	Option Based Awards ^{(3) (4)}	Non-Equity Incentive Plan Compensation ⁽¹⁾		Pension Value ⁽⁵⁾	All Other Compensation ⁽⁶⁾	Total Compensation
				Annual Incentive Plans	Long Term Incentive Plans			
2010	445,500	95,613	37,832	400,950	-	(14,049)	6,683	972,529
2009	450,000	-	-	337,500	-	(2,302)	6,750	791,948
2008	450,000	-	159,624	450,000	-	222,666	9,034 ⁽⁷⁾	1,291,324

⁽¹⁾ The amounts shown under salary and annual incentive plans were paid by Canadian Utilities Limited and reflect 89.1% of the Named Executive Officer's total salary and annual incentive plans paid by ATCO Group in 2010. For 2009 and 2008, Canadian Utilities Limited paid 90% of the consolidated salary and annual incentive plan amounts.

⁽²⁾ Value of share based awards is based on the binomial value of the initial grant plus the dollar value of the dividends granted.

⁽³⁾ Grant values are determined by utilizing the binomial valuation methodology. For accounting purposes the Black-Scholes method is used. Binomial valuation methodology is utilized for executive compensation because all sources of benchmark data are reported on this basis. The binomial values exceed the Black-Scholes values for S.W. Kiefer by \$4,532 for 2010 and \$25,424 for 2008.

⁽⁴⁾ Amounts represent the sum of Canadian Utilities Limited stock option and share appreciation right values.

⁽⁵⁾ Pension value is a calculated amount to represent the portion of a future pension that would be assigned to each year as well as other compensatory related items. It is calculated using a prescribed formula based on numerous assumptions.

⁽⁶⁾ Represents the employer contribution to the Employee Share Purchase Plan.

⁽⁷⁾ Represents the employer contribution to the Employee Share Purchase Plan for a 17-month period due to a change from annual to monthly employer contributions.

	Aggregate Holdings and Value of Options and SARs Held on December 31, 2010				Options and SARs Exercised during 2010	
	Unexercised Options/SARs at December 31, 2010		Value of Unexercised In-the-Money Options/SARs at December 31, 2010		Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)
	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)		
Class A non-voting						
Options	20,400	16,100	182,064	136,551	20,000 ⁽⁸⁾	505,650
SARs	34,400	15,100	620,064	125,711	-	-

⁽⁸⁾ Represents the exercise of 20,000 options to acquire Class A non-voting shares of the Corporation.

Named Executive Officers (continued)



Susan R. Werth

Age: 54

Location: Calgary, AB
Canada

Years of Service: 30

Ms. Werth is Senior Vice President & Chief Administration Officer, Canadian Utilities Limited, responsible for Human Resources, Corporate Secretarial, Marketing and Communications, Security, Real Estate, Aviation and Administration, an appointment she has held since 2000. Previously, Ms. Werth was Vice President, Administration, a role she was appointed to in 1995. Ms. Werth directed the successful implementation of many new programs in her areas of responsibility, particularly in Human Resources, where Canadian Utilities Limited is continuing to invest for the future. Ms. Werth is Chair of the Disclosure, Management Pension, Crisis Management, and Donation and Sponsorship Committees.

Three Year Compensation

Year	Salary ⁽¹⁾	Share Based Awards ⁽²⁾	Option Based Awards ^{(3) (4)}	Non-Equity Incentive Plan Compensation ⁽¹⁾		Pension Value ⁽⁵⁾	All Other Compensation ⁽⁶⁾	Total Compensation
				Annual Incentive Plans	Long Term Incentive Plans			
2010	350,831	95,613	37,832	311,850	-	22,626	5,262	824,014
2009	351,000	-	-	225,000	-	(10,002)	5,265	571,263
2008	351,000	-	39,906	351,000	-	211,877	7,054 ⁽⁷⁾	960,837

⁽¹⁾ The amounts shown under salary and annual incentive plans were paid by Canadian Utilities Limited and reflect 89.1% of the Named Executive Officer's total salary and annual incentive plans paid by ATCO Group in 2010. For 2009 and 2008, Canadian Utilities Limited paid 90% of the consolidated salary and annual incentive plan amounts.

⁽²⁾ Value of share based awards is based on the binomial value of the initial grant plus the dollar value of the dividends granted.

⁽³⁾ Grant values are determined by utilizing the binomial valuation methodology. For accounting purposes the Black-Scholes method is used. Binomial valuation methodology is utilized for executive compensation because all sources of benchmark data are reported on this basis. The binomial values exceed the Black-Scholes values for S.R. Werth by \$4,532 for 2010 and \$6,356 for 2008.

⁽⁴⁾ Amounts represent the sum of Canadian Utilities Limited stock option and share appreciation right values.

⁽⁵⁾ Pension value is a calculated amount to represent the portion of a future pension that would be assigned to each year as well as other compensatory related items. It is calculated using a prescribed formula based on numerous assumptions.


⁽⁶⁾ Represents the employer contribution to the Employee Share Purchase Plan.

⁽⁷⁾ Represents the employer contribution to the Employee Share Purchase Plan for a 17-month period due to a change from annual to monthly employer contributions.

	Aggregate Holdings and Value of Options and SARs Held on December 31, 2010				Options and SARs Exercised during 2010	
	Unexercised Options/SARs at December 31, 2010		Value of Unexercised In-the-Money Options/SARs at December 31, 2010		Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)
	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)		
Class A non-voting						
Options	13,200	7,800	194,952	62,073	10,000 ⁽⁸⁾	261,400
SARs	18,200	7,800	321,652	62,073	-	-

⁽⁸⁾ Represents the exercise of 10,000 options to acquire Class A non-voting shares of the Corporation.

Named Executive Officers (continued)

	Sett F. Policicchio	<p>Mr. Policicchio was appointed President, ATCO Electric, Capital Projects Division on May 1, 2010. He was appointed President, ATCO Electric in November 2004, having been with the Corporation for 25 years. Mr. Policicchio has held a variety of positions including Vice President, Operations, ATCO Electric; Project Manager, Special Projects, ATCO Utility Services; Vice President, ATCO Electric, responsible for planning, engineering and construction; and Vice President, Engineering & Construction, ATCO Electric.</p>
	Age: 54	
	Location: Edmonton, AB Canada	
	Years of Service: 31	

Three Year Compensation

Year	Salary ⁽¹⁾	Share Based Awards ⁽²⁾	Option Based Awards ^{(3) (4)}	Non-Equity Incentive Plan Compensation ⁽¹⁾		Pension Value ⁽⁵⁾	All Other Compensation ⁽⁶⁾	Total Compensation
				Annual Incentive Plans	Long Term Incentive Plans			
2010	282,500	63,742	22,699	180,000	-	142,805	3,814	695,560
2009	260,000	-	-	175,000	-	2,031	3,510	440,541
2008	260,000	-	59,576	260,000	-	166,424	5,062 ⁽⁷⁾	751,062

⁽¹⁾ The amounts shown under salary and annual incentive plans were paid by Canadian Utilities Limited.

⁽²⁾ Value of share based awards is based on the binomial value of the initial grant plus the dollar value of the dividends granted.

⁽³⁾ Grant values are determined by utilizing the binomial valuation methodology. For accounting purposes the Black-Scholes method is used. Binomial valuation methodology is utilized for executive compensation because all sources of benchmark data are reported on this basis. The binomial values exceed the Black-Scholes values for S.F. Policicchio by \$2,719 for 2010 and \$5,085 for 2008.

⁽⁴⁾ Amounts represent the sum of Canadian Utilities Limited stock option and share appreciation right values.

⁽⁵⁾ Pension value is a calculated amount to represent the portion of a future pension that would be assigned to each year as well as other compensatory related items. It is calculated using a prescribed formula based on numerous assumptions.

⁽⁶⁾ Represents the employer contribution to the Employee Share Purchase Plan.

⁽⁷⁾ Represents the employer contribution to the Employee Share Purchase Plan for a 17-month period due to a change from annual to monthly employer contributions.

	Aggregate Holdings and Value of Options and SARs Held on December 31, 2010				Options and SARs Exercised during 2010	
	Unexercised Options/SARs at December 31, 2010		Value of Unexercised In-the-Money Options/SARs at December 31, 2010		Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)
	Exercisable (#)	Unexercisable (#)	Exercisable (\$)	Unexercisable (\$)		
Class A non-voting						
Options	7,800	5,700	71,088	46,697	6,000 ⁽⁸⁾	155,764
SARs	7,800	5,700	71,088	46,697	-	-

⁽⁸⁾ Represents the exercise of 6,000 options to acquire Class A non-voting shares of the Corporation.

INCENTIVE PLANS SUMMARY

Outstanding Incentive Awards

Year Ended Dec 31	Option-Based Awards ⁽¹⁾					Share-Based Awards	
	Number of Securities Underlying Unexercised Options		Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options ⁽⁴⁾ (\$)	Number of Shares that have not Vested (#)	Market Value of Share-Based Awards that have not Vested ⁽⁵⁾ (\$)
	SOPs ⁽²⁾ (#)	SARs ⁽³⁾ (#)					
N.C. Southern							
2010	37,500	37,500	47.29	Mar. 15, 2020	533,250	10,000	544,000
2008	50,000	50,000	44.34	Mar. 15, 2018	1,006,000	-	-
2007	20,000	20,000	47.84	Jan. 2, 2017	262,400	-	-
2006	50,000	-	43.56	Jan. 2, 2016	542,000	-	-
2005	200,000	160,000	30.245	Jan. 1, 2015	8,695,800	-	-
2004	-	18,000	29.06	Jan. 2, 2014	456,120	-	-
2003	20,000	12,000	25.905	Jan. 1, 2013	911,840	-	-
B.R. Bale							
2010	2,500	2,500	47.29	Mar. 15, 2020	35,550	3,000	163,200
2008	2,000	2,000	44.34	Mar. 15, 2018	40,240	-	-
2007	3,000	3,000	47.84	Jan. 2, 2017	39,360	-	-
S.W. Kiefer							
2010	2,500	2,500	47.29	Mar. 15, 2020	35,550	3,000	163,200
2008	10,000	10,000	44.34	Mar. 15, 2018	201,200	-	-
2007	14,000	14,000	47.84	Jan. 2, 2017	183,680	-	-
2006	10,000	5,000	43.56	Jan. 2, 2016	162,600	-	-
2004	-	10,000	29.06	Jan. 2, 2014	253,400	-	-
2003	-	8,000	25.905	Jan. 1, 2013	227,960	-	-
S.R. Werth							
2010	2,500	2,500	47.29	Mar. 15, 2020	35,550	3,000	163,200
2008	2,500	2,500	44.34	Mar. 15, 2018	50,300	-	-
2007	7,000	7,000	47.84	Jan. 2, 2017	91,840	-	-
2006	5,000	5,000	43.56	Jan. 2, 2016	108,400	-	-
2004	-	5,000	29.06	Jan. 2, 2014	126,700	-	-
2003	4,000	4,000	25.905	Jan. 1, 2013	227,960	-	-
S.F. Policchio							
2010	1,500	1,500	47.29	Mar. 15, 2020	21,330	2,000	108,800
2008	2,000	2,000	44.34	Mar. 15, 2018	40,240	-	-
2007	5,000	5,000	47.84	Jan. 2, 2017	65,600	-	-
2006	5,000	5,000	43.56	Jan. 2, 2016	108,400	-	-

⁽¹⁾ Figures have been adjusted to reflect the two-for-one stock split by way of stock dividend on September 15, 2005.

⁽²⁾ Options to acquire Class A non-voting shares of the Corporation.

⁽³⁾ Share appreciation rights based on Class A non-voting shares of the Corporation.

⁽⁴⁾ The value of unexercised in-the-money options is calculated based on the difference between the market value of the Class A non-voting shares underlying the options as at December 31, 2010, of \$54.40 and the exercise price of the options.

⁽⁵⁾ The value of share-based awards is calculated based on the market value of the Class A non-voting shares as at December 31, 2010, of \$54.40.

Value Vested or Earned During the Year

Name	Option-Based Awards Amount Vested During the Year Ended December 31, 2010 (\$)		Share-Based Awards Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation Value Earned During the Year (\$)
	SOPs ⁽¹⁾	SARs ⁽²⁾		
N.C. Southern	579,900	578,000	11,325	-
B.R. Bale	1,512	1,512	3,398	-
S.W. Kiefer	7,940	7,750	3,398	-
S.R. Werth	2,080	2,080	3,398	-
S.F. Policicchio	1,702	1,702	2,265	-

⁽¹⁾ Options to acquire Class A non-voting shares of the Corporation.

⁽²⁾ Share appreciation rights based on Class A non-voting shares of the Corporation.

Pension Benefits

The Named Executive Officers participate in the Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (the CU Plan). The CU Plan comprises two components: defined benefit (DB) and defined contribution (DC).

The DB component provides a benefit of 1.4% of average salary up to the average year's maximum pensionable earnings under the Canada Pension Plan (\$44,840 in 2010) and 2.0% of additional average salary. Average salary is the average of the highest five consecutive years of base salary, excluding short-term incentives. Members may retire as early as age 55 and are eligible for unreduced benefits at age 62 or if age and service total 90 years, otherwise the early retirement reduction is 3% for each year retirement precedes age 62 plus an additional 3% for each year retirement precedes age 60. Benefits are paid for the life of the member, with 60% continuing for the life of the member's spouse following the death of the member. Benefit increases capped at 3% to a maximum of 100% of inflation have historically been provided annually to retired members' pensions.

The DC component consists of employee contributions of 4% of base salary and employer-paid contributions of 6% of base salary. A range of investment options is provided to the members. Retirement benefits depend upon the member's account balance at retirement.

Participation in the CU Plan (DB or DC) is non-contributory for the Named Executive Officers.

N.C. Southern, B.R. Bale, S.W. Kiefer, S.R. Werth, and S.F. Policicchio currently participate in the DB component.

Pension benefits and contributions under the CU Plan are subject to limits imposed by the *Income Tax Act* (Canada). Benefits in excess of these limits that would otherwise be payable upon retirement are provided by Canadian Utilities Limited under an unfunded supplemental arrangement. Additional supplemental pension benefits are provided to N.C. Southern pursuant to her employment agreement, further details of which are provided below. All supplemental pension benefits are provided on a DB basis. For the purpose of supplemental pension benefit calculations, service is limited to 35 years and any DC service under the CU Plan is deemed to be DB service. No benefits are payable under the supplemental arrangements upon termination or death prior to age 55. The supplemental pension is payable on the same terms as the CU Plan pension in respect of post-retirement survivor benefits and indexing.

Pursuant to her employment agreement with the Corporation, N.C. Southern is eligible upon retirement to receive a pension calculated as a percentage of the average of the highest five years of income, including salary and short-term incentives, during the last ten years of employment prior to retirement. The percentage varies by age at retirement as per the following table:

Age at Retirement	Percentage
54	60%
55	70%
56	72%
57	74%
58	76%
59	78%
60 and older	80%

The pension payable upon retirement at age 55 or over is inclusive of the pension payable under the CU Plan. The Corporation's consent is required for retirement prior to age 55. The pension is payable on the same terms as the CU Plan in respect of post-retirement survivor benefits and indexing.

The following table outlines pension benefits and accrued obligations inclusive of all registered pension plans and supplemental arrangements for the DB Plan. No Named Executive Officers participate in the DC Plan.

Defined Benefit Plan

Name	Number of Years Credited Service ⁽¹⁾ (#)	Annual Benefits Payable ⁽²⁾ (\$)		Accrued Obligation at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change ⁽³⁾ (\$)	Accrued Obligation at Year End (\$)
		At Year End	At Age 65				
N.C. Southern	15.00	1,101,276	1,468,368	6,836,361	240,697	2,499,513	9,576,571
B.R. Bale	29.00	64,208	113,128	858,685	914,395 ⁽⁴⁾	403,326 ⁽⁵⁾	2,176,406
S.W. Kiefer	27.00	224,956	291,610	2,851,000	(14,049)	898,153	3,735,104
S.R. Werth	29.67	189,418	223,471	2,644,880	22,626	724,422	3,391,928
S.F. Policicchio	31.08	148,297	166,984	2,127,076	142,805	608,743	2,878,624

⁽¹⁾ Credited service represents the period of pension plan membership used to calculate an individual's pension. It does not necessarily include all years of service with the Corporation.

⁽²⁾ Annual benefits payable at year end are based on DB credited service and actual average pensionable earnings at December 31, 2010, and are reduced for early retirement for those currently eligible to retire. Annual benefits payable at age 65 are based on actual average pensionable earnings at December 31, 2010, and projected service at age 65 to a maximum of 35 years.

⁽³⁾ Non-compensatory change includes the impact of changing the Canadian Utilities Limited allocation to 89.1% in 2010 from 90% in 2009.

⁽⁴⁾ B.R. Bale was added to the supplemental plan in 2010.

⁽⁵⁾ Non-compensatory change included the allocation impact resulting from the appointment of B.R. Bale to Chief Financial Officer in December 2009.

The accrued pension obligation is calculated following the method prescribed by the Canadian Institute of Chartered Accountants and is based on management's best estimate of future events that affect the cost of pensions, including assumptions about future salary adjustments. The compensatory change in the accrued obligation includes service cost, differences between actual and estimated earnings, the impact of plan amendments, and past service benefits. The non-compensatory change in the accrued obligation includes interest on the obligation and the impact of assumption changes. Further information on the methods and assumptions used to calculate accrued obligations may be found in Note 21, Employee Future Benefits, of the notes to the Corporation's 2010 financial statements.

Termination and Change of Control Benefits

There are no employment agreements for executives of the Corporation with the exception of the President & Chief Executive Officer as noted on page 31. Termination of employment for an executive would be subject to applicable legislation and common law provisions.

As noted in the table below, the following actions are executed based on the circumstances of a change in employment status.

Employment Status Change	Associated Action Relevant to All Canadian Utilities Employees
Change of Control ⁽¹⁾	<ul style="list-style-type: none"> All vested SOPs/SARs are exercisable within 90 days of change of control date or on expiry date if earlier. All unvested SOPs/SARs will be accelerated and exercisable within 90 days of change of control date or on expiry date if earlier. All unvested MTIPs will vest on the date immediately preceding the change of control event.
Termination	<ul style="list-style-type: none"> All salary, short-term incentive and benefit programs cease. All vested SOPs/SARs are exercisable within 90 days of termination date or on expiry date if earlier. All unvested SOPs/SARs/MTIPs will be forfeited on termination date. Pension paid as a commuted value or deferred benefit. If applicable, severance provided to an individual based on employment standards and common law provisions.
Resignation	<ul style="list-style-type: none"> All salary and benefit programs cease. Current year short-term incentive is forfeited. All vested SOPs/SARs are exercisable within 90 days of resignation date or on expiry date if earlier. All unvested SOPs/SARs/MTIPs will be forfeited on resignation date. Pension paid as a commuted value or deferred benefit.
Retirement	<ul style="list-style-type: none"> Salary ceases as of retirement date. Retiring allowance is provided based on years of service to a maximum of one month's salary. Retiree health benefits coverage commences at retirement and continues until 6 months after death of pensioner. Short-term incentive paid on a pro rata basis to retirement date. All vested SOPs/SARs are exercisable within 24 months of retirement date or on expiry date if earlier. All unvested SOPs/SARs/MTIPs will be forfeited on retirement date. Pension provisions according to plan membership.

⁽¹⁾ Change of control shall be deemed to have occurred upon the acceptance by the holders of shares of the Corporation, representing in the aggregate more than 50% of all issued Class B common shares of the Corporation, of any offer, whether by way of a takeover bid or otherwise, for all or any of the shares of the Corporation; provided, however, that a change of control shall not occur as a result of any transaction undertaken in connection with the conversion of the Corporation to a trust if the shareholders of the Corporation immediately prior to the implementation of the initial transaction involved in such conversion will, upon completion of such conversion, own more than 50% of the voting securities of the trust resulting from such conversion. Options may not be exercised to purchase a number of shares that is fewer than a board lot as specified by the Toronto Stock Exchange.

CORPORATE GOVERNANCE

The Board of the Corporation views effective corporate governance as an essential element for the ongoing well-being of the Corporation and its shareholders. The Corporation strives to ensure that its corporate governance practices provide for effective stewardship of the Corporation and evaluates its practices on an ongoing basis. The corporate governance disclosure for the Corporation is attached to this management proxy circular as Schedule A.

ADDITIONAL INFORMATION

The majority shareholder of the Corporation is ATCO Ltd. which is controlled by R.D. Southern. Mr. Southern is closely identified with the Corporation by industry participants, the investment community and the Corporation's shareholders. Full responsibility for the Corporation's strategic direction and ongoing operations was successfully transitioned to Ms. N.C. Southern during a well defined and executed succession plan which culminated in her appointment as President & Chief Executive Officer in 2003.

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Information regarding the business of the Corporation is provided in the Corporation's annual information form dated February 22, 2011. Financial information is provided in the Corporation's financial statements and the management's discussion and analysis for the year ended December 31, 2010. Copies of these documents, the Corporation's interim financial statements and additional copies of this management proxy circular may be obtained upon request from the Corporate Secretary of the Corporation at 1400, 909 - 11th Avenue S.W., Calgary, Alberta, T2R 1N6.

December 8, 2011, is the final date by which the Corporation must receive a proposal to be included in the management proxy circular for the next annual meeting of shareholders.

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

Corporate information, including our privacy commitment, is also available on the Corporation's website: www.canadian-utilities.com.

DATED at Calgary, Alberta, this 7th day of March, 2011.

[Signed by P. Spruin]

P. Spruin
Vice President, Administration & Corporate Secretary

SCHEDULE A CORPORATE GOVERNANCE DISCLOSURE

	Disclosure Requirement	CU Corporate Governance Practices
1.	Board of Directors	
(a)	Disclose the identity of directors who are independent.	<p>The Board of Directors has reviewed the status of each director to determine whether they are independent based on the criteria of the Canadian Securities Administrators as set out in National Instrument 52-110 <i>Audit Committees</i>. The Board has determined that the following directors are independent:</p> <p>L.M. Charlton D.A. Dodge D.M. Ellard R.J. Normand R.J. Routs J.W. Simpson R.J. Urwin C.W. Wilson</p>
(b)	Disclose the identity of directors who are not independent, and describe the basis for that determination.	<p>N.C. Southern, R.D. Southern, L.A. Heathcott and R.T. Booth are not independent because they are considered to have a material relationship with the issuer.</p> <p>N.C. Southern is the Deputy Chair, President & Chief Executive Officer of the Corporation.</p> <p>R.D. Southern is the Chairman of the Board.</p> <p>L.A. Heathcott is an immediate family member of the Chairman.</p> <p>R.T. Booth is a partner in the firm that is the Corporation's legal counsel.</p>
(c)	Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.	<p>A majority of the directors of the Corporation are independent.</p>
(d)	If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>The following directors are also directors of the issuers set out beneath their respective names below:</p> <p>R.T. Booth</p> <ul style="list-style-type: none"> • ATCO Ltd. (TSX), member of the Risk Review and Corporate Governance - Nomination, Compensation and Succession Committees

	Disclosure Requirement	CU Corporate Governance Practices
		<p>L.M. Charlton</p> <ul style="list-style-type: none"> • AKITA Drilling Ltd. (TSX), Chair of the Audit Committee • CU Inc. (TSX), member of the Audit Committee <p>D.A. Dodge</p> <ul style="list-style-type: none"> • Bank of Nova Scotia (TSX, NYSE), member of the Executive and Risk Committee <p>L.A. Heathcott</p> <ul style="list-style-type: none"> • AKITA Drilling Ltd. (TSX), Chair of the Board and a member of the Pension Committee <p>R.J. Routs</p> <ul style="list-style-type: none"> • AEGON N.V. (Euronext Amsterdam, LSE, NYSE), Chair of the Supervisory Board, Chair of the Nominating Committee and a member of the Compensation Committee • A.P. Møller-Maersk A/S (NASDAQ OMX Copenhagen) • Royal DSM N.V. (Euronext Amsterdam), member of the Audit Committee • Royal KPN N.V. (Euronext Amsterdam), Vice Chair of the Supervisory Board, Chair of the Remuneration and Organizational Development Committee and a member of the Nominating and Corporate Governance Committee • UPM - Kymmene Corporation (NASDAQ OMX Helsinki), member of the Human Resources Committee) <p>J.W. Simpson</p> <ul style="list-style-type: none"> • Suncor Energy Inc. (TSX, NYSE), Chair of the Human Resources and Compensation Committee and a member of the Governance Committee • CU Inc. (TSX), Deputy Chair <p>N.C. Southern</p> <ul style="list-style-type: none"> • AKITA Drilling Ltd. (TSX) • ATCO Ltd. (TSX), Deputy Chair • CU Inc. (TSX), Chair • Bank of Montreal (TSX, NYSE), member of the Governance and Nominating, Risk Review, and Pension Fund Society Committees <p>R.D. Southern</p> <ul style="list-style-type: none"> • AKITA Drilling Ltd. (TSX), Deputy Chair • ATCO Ltd. (TSX), Chairman of the Board

	Disclosure Requirement	CU Corporate Governance Practices
	<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year.</p> <p>If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p> <p>(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p> <p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>R.J. Urwin</p> <ul style="list-style-type: none"> Utilico Limited (LSE), member of the Audit and Management Engagement Committees CU Inc. (TSX), Chair of the Audit Committee <p>C.W. Wilson</p> <ul style="list-style-type: none"> AKITA Drilling Ltd. (TSX), Chair of the Corporate Governance - Nomination, Compensation and Succession Committee ATCO Ltd. (TSX), Lead Director, Chair of the Audit, Risk Review and Corporate Governance - Nomination, Compensation and Succession Committees <p>At each of the regularly scheduled board meetings, in camera sessions are held at which non-independent directors and members of management are not present. The in camera meetings are chaired by the Lead Director. Additional in camera meetings can be requested through the Lead Director at any time.</p> <p>In addition, in camera sessions are held at each of the regularly scheduled meetings of the Audit Committee and the Corporate Governance - Nomination, Compensation and Succession Committee (GOCOM) and at least annually by the Pension Fund Committee.</p> <p>R.D. Southern, the Chairman of the Board, is not an independent director. The Corporation's Lead Director, J.W. Simpson, is independent.</p> <p>The primary function of the Lead Director is to provide independent leadership to ensure the Board of Directors functions independently of management of the Corporation. The position description for the Lead Director is available on the Corporation's website at www.canadian-utilities.com.</p> <p>The attendance record of each director at Board and committee meetings is disclosed on pages 3 through 9.</p>
2.	<p>Board Mandate</p> <p>Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The mandate of the Board is attached as Schedule B and is also available on the Corporation's website at www.canadian-utilities.com.</p>

	Disclosure Requirement	CU Corporate Governance Practices
		<p>GOCOM is responsible for reviewing the mandates of the Board and its committees on an annual basis and recommending to the Board such amendments to those mandates as GOCOM believes are necessary or desirable.</p>
<p>3.</p>	<p>Position Descriptions</p> <p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p> <p>(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>The Board has approved written position descriptions for the Chairman of the Board and the chair of each Board committee. The position descriptions are reviewed annually by GOCOM. Copies of these descriptions are available on the Corporation's website at www.canadian-utilities.com.</p> <p>The board has approved a written position description for the CEO. The position description is reviewed annually by GOCOM and is available on the Corporation's website at www.canadian-utilities.com.</p>
<p>4.</p>	<p>Orientation and Continuing Education</p> <p>(a) Briefly describe what measures the board takes to orient new directors regarding:</p> <ul style="list-style-type: none"> (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business. <p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>New directors attend a briefing with the Chairman of the Board and attend comprehensive meetings at which they receive briefings on all aspects of the nature and operation of the Corporation's business by senior management of the Corporation and its subsidiaries. New directors are also provided with a manual which contains information about each of the business segments, organization structure, by-laws, Board and committee mandates and corporate policies, including the Corporation's Code of Ethics and Disclosure Policy.</p> <p>Directors, together with senior management, attend an annual three to four-day strategy conference which has been held consecutively since 1981. At these sessions, the Board receives detailed briefings on the business activities of the Corporation and its subsidiaries and reviews strategic initiatives as well as other pertinent information required for directors to fulfill their obligations. Visits to various operating sites are also arranged for directors.</p> <p>Management makes presentations to the Board and its committees when they are making key business decisions, on topical issues from time to time and in response to requests from directors.</p>

	Disclosure Requirement	CU Corporate Governance Practices
		<p>In addition, directors attend and participate in seminars and other continuing education programs. L.A. Heathcott completed the Director Education Program at the Institute of Corporate Directors in 2010.</p> <p>Outside experts are brought in as required to provide directors with ongoing education on general and/or specific subject matters.</p>
5.	<p>Ethical Business Conduct</p> <p>(a) Disclose whether or not the board has adopted a written code for directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p> <p>(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>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.</p> <p>A copy of the Code may be obtained upon request from the Corporate Secretary of the Corporation at 1400, 909 – 11th Avenue S.W., Calgary, Alberta, T2R 1N6. The Code is also available on the Corporation's website at www.canadian-utilities.com.</p> <p>A copy of the Code has been provided to each director, officer and employee of the Corporation and each such person is required to acknowledge annually that he or she has read the Code and disclosed any transactions or matters of potential conflict. Similarly, copies of the Code are provided to each new director, officer and employee of the Corporation, and each such person shall acknowledge that he or she has read the Code before commencing activities as a director, officer or employee, as the case may be.</p> <p>No material change reports have been filed by the Corporation during 2010 relating to a director's or executive officer's departure from the Code. Further, no waivers of the Code have ever been granted to any director, officer or other employee of the Corporation.</p> <p>Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement being contemplated by the Corporation are required to declare such interest at any directors' meeting at which the matter is being considered and are requested to leave the meeting during discussion on such matter and abstain from voting.</p>

	Disclosure Requirement	CU Corporate Governance Practices
(c)	Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	<p>The Board encourages and promotes a culture of ethical business conduct by expecting each director, all officers and management to act in a manner that exemplifies ethical business conduct. This expectation sets the tone for all employees of the Corporation. The Corporation strives to ensure that prospective employees are of good character.</p> <p>The Corporation has a confidential "Integrity Line" in place that employees can use to express concerns online or by phone about inappropriate business conduct.</p>
6.	Nomination of Directors	
(a)	Describe the process by which the board identifies new candidates for board nomination.	The Chairman together with members of the Board are responsible for identifying potential candidates for nomination to the Board. The recommendation of potential Board members is undertaken with a view to ensuring overall diversity of experience, backgrounds, skills and geographic representation of Board members. GOCOM receives advice from the Board respecting individuals best suited to serve as directors, and maintains its own standing list of appropriate candidates for directorships.
(b)	Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	All of the members of GOCOM are independent.
(c)	If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	GOCOM is responsible for reviewing the size and composition of the Board from time to time and considering persons as nominees for directors for the approval of the Board and election by the shareholders. The responsibilities of GOCOM can be found in its mandate which is described on pages 16 and 17. The complete mandate is available on the Corporation's website at www.canadian-utilities.com .
7.	Compensation	
(a)	Describe the process by which the board determines the compensation for the issuer's directors and officers.	GOCOM is responsible for assessing the compensation of directors and senior executive officers and making recommendations to the Board. GOCOM reviews director compensation to determine whether such compensation is appropriate for the responsibilities, time commitment and risks assumed by the directors. GOCOM reviews senior executive officer and director compensation annually utilizing information from other corporations and published data, and from

	Disclosure Requirement	CU Corporate Governance Practices
		<p>time to time retains independent compensation consultants to undertake market comparisons and provide advice on developing appropriate compensation programs.</p> <p>Please refer to pages 21 to 40 of the management proxy circular for details of the executive compensation structure and policies.</p>
(b)	<p>Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.</p>	<p>All of the members of GOCOM are independent.</p>
(c)	<p>If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>GOCOM annually reviews and determines compensation packages for the senior executive officers of the Corporation and its wholly owned subsidiaries, including salary, short-term incentives, and long-term incentives (stock options, share appreciation rights, and mid-term incentives). The performance and development profile for each senior executive officer is reviewed by GOCOM in conjunction with the Corporation's succession planning process. GOCOM also reviews and recommends directors' compensation as appropriate. In addition, GOCOM prepares and reviews public or regulatory disclosure respecting compensation and the basis on which performance is measured.</p> <p>GOCOM has the authority to retain and compensate any outside adviser as it determines necessary to permit it to carry out its duties.</p>
(d)	<p>If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>GOCOM engaged the services of Towers Watson to provide executive compensation consulting services to the Committee during 2010. The mandate of the consultant was to undertake market comparisons, gather information on competitive compensation practices, and provide advice on developing appropriate compensation programs for the Corporation's executive officers.</p> <p>The fees paid to Towers Watson in 2010 were approximately \$353,414 for compensation, administration, benefits, and actuarial consulting services as well as published surveys and studies. Approximately \$173,956 of the \$353,414 was incurred for direct executive compensation services.</p>

	Disclosure Requirement	CU Corporate Governance Practices
		<p>In 2010, Mercer provided the Corporation with non-executive compensation, benefit, and pension actuarial consulting services, and published surveys and studies. The fees paid for these services were approximately \$650,000.</p> <p>GOCOM annually pre-approves the consulting services of Towers Watson and Mercer.</p>
8.	<p>Other Board Committees</p> <p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board's other standing committees are the Risk Review Committee and the Pension Fund Committee. The responsibilities of these committees, together with GOCOM and the Audit Committee, can be found in their mandates which are described on pages 15 to 19. The complete mandates are available on the Corporation's website at www.canadian-utilities.com.</p>
9.	<p>Assessments</p> <p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The Board, its committees and its individual directors are assessed at least annually. This function is facilitated by the Lead Director on behalf of the Chairman of the Board. 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 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 as well as an overall assessment. The responses are conveyed to GOCOM and each Board member receives a full report from GOCOM on the Board questionnaire. Each committee member receives a complete report on the committee questionnaire.</p> <p>As required, the Chairman of the Board meets with each director to discuss his/her performance and other issues relating to Board, committee and director performance.</p> <p>Directors are encouraged not to be limited to responding only to the questions provided, but to comment broadly.</p>

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 preserve and enhance long-term shareholder 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) 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,
 - (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 legislation,
- (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.

The information contained in the following questions and answers is similar to that provided in Section 1 of the management proxy circular. This format is designed as additional guidance to help a shareholder in determining how to vote. A flow chart is also included that outlines the differences if you are voting as a registered or non-registered shareholder. Any further questions may be directed to our transfer agent, CIBC Mellon Trust Company, by accessing www.cibcmellon.com, by fax at (416) 643-5501, or by telephone:

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

In the Toronto area, or from any other country:
(416) 643-5500

A Glossary is included as Schedule D for your convenience. You may wish to review the Glossary prior to reading the following questions and their answers.

Q. Am I entitled to vote?

- A.** You are entitled to vote if you were a holder of Class B common shares of Canadian Utilities Limited at the close of business on March 23, 2011. Each Class B common share entitles its holder to one vote.

Q. How many shareholders are required to constitute a quorum at the meeting?

- A.** The Corporation's by-laws provide that for the transaction of business at the meeting a quorum will be two persons present and holding or representing by proxy twenty-five percent of the shares entitled to vote at the meeting.

Q. What am I voting on?

- A.** You are voting on the following business matters that are to be addressed at the annual meeting:
- the election of the directors;
 - the appointment of the auditor; and
 - such other business as may properly come before the meeting or any adjournment thereof.

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

- A.** If you are a **registered shareholder** and attend the annual meeting in person and are eligible to vote, you may vote on such matters as you choose.

If you have properly completed and returned a form of proxy or voting instruction form, the person named therein will have discretionary authority with respect to voting on amendments or variations to matters identified in the notice of the annual meeting, and on other matters which may properly come before the annual meeting.

Q. Who is soliciting my vote?

- A.** The management of Canadian Utilities Limited is soliciting your vote.

Q. How do I vote?

- A.** If you are a **registered shareholder**, you may vote in one of the following ways:

- in person at the annual meeting;
- by properly completing and signing the enclosed form of proxy appointing the named persons or some other person or company you choose to represent you as proxyholder and vote your shares at the annual meeting, and returning it in the enclosed prepaid envelope;
- by faxing both sides of your properly completed form of proxy to CIBC Mellon Trust Company at 1 (866) 781-3111 (from within Canada and the U.S.) or (416) 368-2502 (from outside North America);
- by telephone using the toll free number 1 (866) 271-1207 and following the voice prompts. You will need to enter the 13 digit Control Number located in the lower left-hand corner on the reverse of the form of proxy mailed to you in order to enter your voting instructions;

- via the internet by accessing www.eproxyvoting.com/cu and following the prompts. You will need to enter your 13 digit Control Number located in the lower left-hand corner on the reverse of the form of proxy mailed to you in order to enter your voting instructions.

If you are a **non-registered shareholder** your shares are held in the name of a nominee (usually a bank, broker, or trust company). You should have received a request for voting instructions from your nominee. If you wish to vote in person at the annual 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 the Corporation's transfer agent, CIBC Mellon Trust Company, upon arrival at the annual meeting. If you do not intend to attend the annual meeting in person, follow the instructions on your voting instruction form to vote by telephone, internet or fax, or complete, sign and mail the voting instruction form in the postage prepaid envelope provided.

Q. Who votes my shares and how will they be voted if I return a form of proxy?

- A.** By properly completing and returning a form of proxy, you are authorizing R.D. Southern, Chairman of the Board, or, failing him, N.C. Southern, Deputy Chair, President & Chief Executive Officer, to attend the annual meeting and to vote your shares. You can use the enclosed form of proxy, or any other proper form of proxy, to appoint your proxyholder.

The shares represented by your proxy will be voted as you have instructed. If you properly complete and return your form of proxy 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 the management proxy circular;**
- **FOR the appointment of PricewaterhouseCoopers LLP as the auditor of the Corporation.**

Q. Can I appoint someone other than the individuals named in the enclosed form of proxy or voting instruction form to vote my shares?

- A.** Yes, as a **registered shareholder** you have the right to appoint another person or company of your choice, who need not be a shareholder, as your proxyholder to attend and act on your behalf at the annual meeting. If you wish to appoint a person or company other than those named in the enclosed form of proxy, then strike out the printed names appearing on the form of proxy and insert the name of your chosen proxyholder in the space provided. This can also be accomplished via the internet by accessing www.eproxyvoting.com/cu.

If you are a **non-registered shareholder**, please follow the instructions provided by your nominee.

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

Q. Who may sign the form of proxy?

- A.** For a shareholder who is an individual, the form of proxy may be signed either by the individual or by his or her authorized attorney. In the case of a shareholder which is a body corporate or an association, the form of proxy must be signed by a duly authorized officer or by an authorized attorney. Persons signing as executors, administrators or trustees should so indicate and must provide a true copy of the document establishing their authority. An authorized person(s) of a partnership should sign in the partnership name.

Q. What if my shares are registered in more than one name or in the name of a company?

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

of a company or any name other than your own, you should provide documentation that proves you are authorized to sign the form of proxy on behalf of that company or name. If you have any questions as to what supporting documentation is required, contact CIBC Mellon Trust Company prior to submitting your form of proxy.

Q. Where do I send my form of proxy?

- A.** If you are a **registered shareholder**, please return your properly completed form of proxy to our transfer agent in the postage paid envelope provided or mail it to CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1. Alternatively, you may fax both sides of your properly completed form of proxy to 1 (866) 781-3111 (from within Canada and the U.S.) or (416) 368-2502 (from outside North America).

If you are a **non-registered shareholder**, please follow the instructions provided by your nominee.

Q. What is the deadline for submitting my form of proxy?

- A.** To be effective your form of proxy must be received by CIBC Mellon Trust Company before 5:00 p.m. Eastern Daylight Time on May 3, 2011.

Q. Can I change my mind once I have submitted my vote to the Corporation?

- A.** Yes, if you are a **registered shareholder** you can complete another form of proxy in the manner and time specified on the form of proxy. The later-dated form of proxy will replace the one submitted earlier. You can also revoke your proxy by stating clearly, in writing, that you want to revoke your proxy. This statement should be delivered to:

- the Corporation's Corporate Secretary at either c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 or the principal office of the Corporation at 1400, 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 annual meeting or any adjournment thereof; or

- the chairman of the meeting prior to the commencement of the meeting on the day of the meeting or any adjournment thereof.

If you are a **non-registered shareholder**, you should contact your nominee for instructions to revoke your voting instructions.

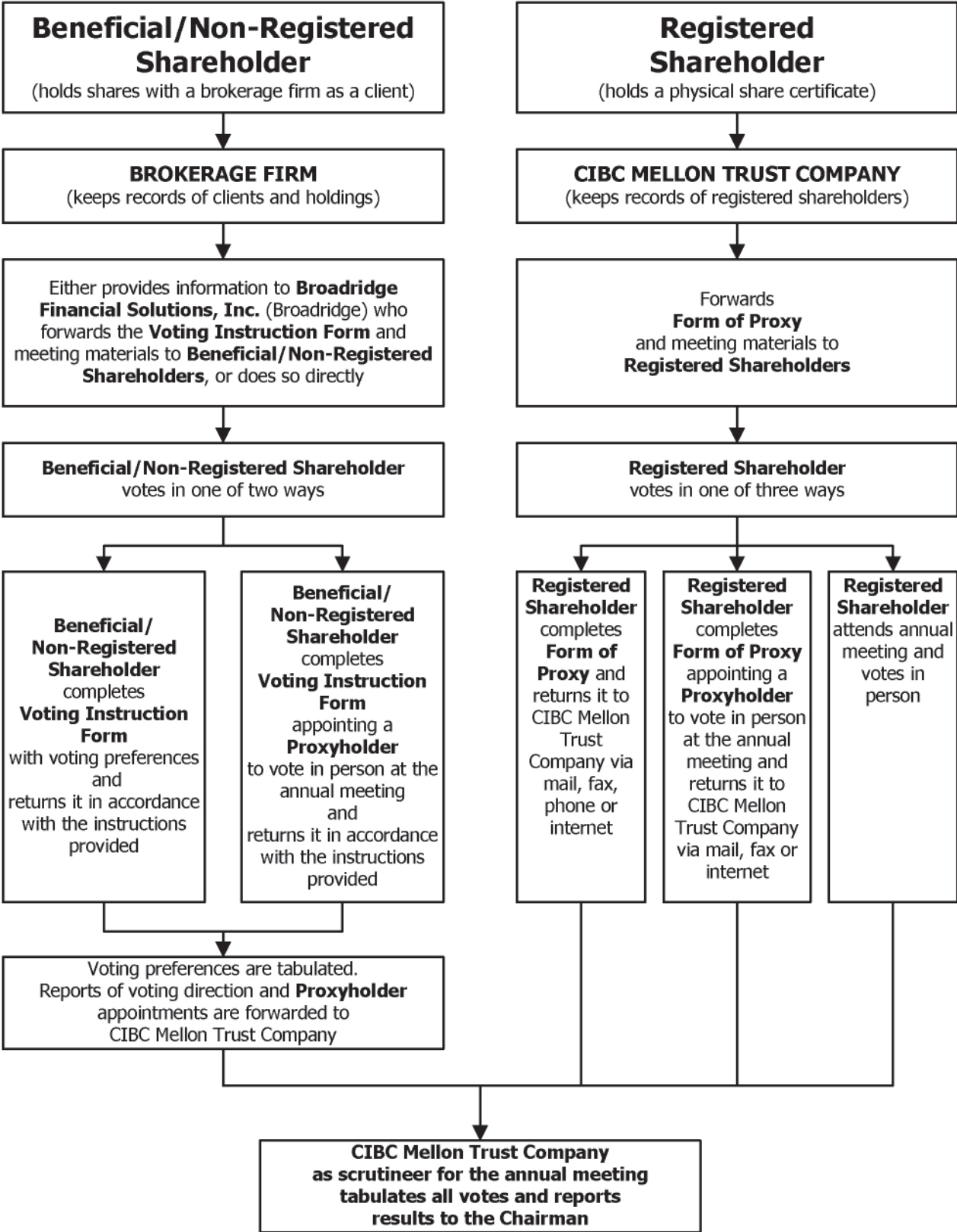
Q. How many shares are entitled to vote?

- A.** As of the date of the management proxy circular, there were 40,409,949 Class B common shares outstanding. Each registered shareholder has one vote for each Class B common share of Canadian Utilities Limited held at the close of business on March 23, 2011.

Q. What if ownership of shares has been transferred after March 23, 2011?

- A.** Class B common shares can be voted at the meeting only by those persons who were registered shareholders at the close of business on March 23, 2011, and their duly appointed proxyholders.

SHAREHOLDER VOTING PROCESS



Acronyms**DB**

Defined Benefit

DC

Defined Contribution

GOCOM

Corporate Governance - Nomination, Compensation and Succession Committee

LSE

London Stock Exchange

MTIP

Mid-Term Incentive Plan

NYSE

New York Stock Exchange

SAR

Share Appreciation Right

SEDAR

System for Electronic Document Analysis and Retrieval

SOP

Stock Option Plan

TC

Total Compensation

TDC

Total Direct Compensation

TSX

Toronto Stock Exchange

VIF

Voting Instruction Form

Discretionary Authority

If you are not attending the meeting in person, the individual you appoint as your proxyholder to vote your shares will have the authority to vote at his or her discretion on matters that are not specifically set out in the notice of meeting as well as on any amendments or variations to the matters that are set out in the notice of meeting.

Exercise Price

The price fixed by the Board at the time that an option is granted. The price is the weighted average of the trading price of the Class A non-voting shares on the TSX for the five trading days immediately preceding the date of the grant.

Form of Proxy/Voting Instruction Form

If you are a shareholder of the Corporation, either a form of proxy (for registered shareholders) or a voting instruction form (VIF) (for non-registered shareholders) will be included with your management proxy circular. A form of proxy or VIF allows you to vote your shares or appoint another person to vote on your behalf in the event that you are unable to attend the annual meeting. A form of proxy or VIF states the business that is to be acted upon at the annual meeting of shareholders.

Named Executive Officer

Named Executive Officer means the following individuals: the Chief Executive Officer, the Chief Financial Officer, each of the Corporation's three other most highly compensated executive officers who were serving as executive officers at the end of the most recently completed financial year, and any additional individual for whom disclosure would have been provided except that the individual was not serving as an executive officer at the end of the most recently completed financial year.

Nominee

Your shares will be held by a nominee on your behalf if you are a non-registered shareholder. A nominee may be your stockbroker, your bank, or a trust company.

Non-Registered Shareholder

You are a non-registered shareholder if your shares are not held in your own name on the Corporation's share register, but in the name of a nominee such as your bank, broker or trust company.

At Risk

At risk is the value of the shares of the Corporation held by a person that is exposed to the possibility of loss.

Comparator Markets

Comparator markets are comprised of general industry and utility/Alberta companies of similar size and scope of operations.

Option

Through the stock option plan, individuals are awarded options to purchase Class A non-voting shares of the Corporation at a future date at a price set at the time the option was granted.

Proxyholder

A proxyholder is the person you appoint to attend, speak at, vote and otherwise act at the annual meeting on your behalf. If you specify how you want your shares voted on a particular matter, your proxyholder is obligated to vote your shares that way. If you do not specify how you want your shares to be voted, your proxyholder has discretionary authority to vote your shares in any manner he or she wishes.

Record Date

The Corporation is required by the *Canada Business Corporations Act* to establish a record date that is no fewer than 21 days and no more than 60 days before the annual meeting date. The record date is established for the purpose of determining which shareholders are entitled to receive notice of the annual meeting of shareholders or the shareholders that are entitled to vote at the annual meeting of shareholders. March 23, 2011, is the record date that has been established for the May 5, 2011, annual meeting of shareholders.

Registered Office of the Corporation

The registered office of Canadian Utilities Limited is 20th Floor, 10035 – 105 Street, Edmonton, Alberta, T5J 2V6. The head office of the Corporation is 1400, 909 – 11th Avenue S.W., Calgary, Alberta, T2R 1N6.

Registered Shareholder

You are a registered shareholder if your shares are held in your name on the Corporation's share register. You will have a paper share certificate denoting your ownership of the shares.

Revocation of Proxy

If you submit your proxy and subsequently change your mind, you must replace your original proxy with a later-dated instruction no later than 5:00 p.m. Eastern Daylight Time on Wednesday, May 4, 2011.

S&P/TSX Composite Index

The S&P/TSX Composite Index is currently a list of the 244 largest companies on the TSX as measured by market capitalization.

SEDAR

SEDAR stands for System for Electronic Document Analysis and Retrieval. The official website that provides access to most public disclosure documents and information filed by public companies with the Canadian Securities Administrators is www.sedar.com.

Share Appreciation Rights

Through the share appreciation rights plan, individuals are awarded share appreciation rights (SARs) which allow the individual the right to receive a payment in cash equal to the appreciation in the Corporation's shares over a specified period.

Solicitation of Proxies

Proxy solicitation is the process of acquiring votes and support for the matters to be voted on.

Stock Dividend/Split

A stock dividend by way of a stock split is an increase in the number of outstanding shares of a company, such that the proportionate equity of each shareholder remains the same.

Voting Instruction Form

If you are a non-registered shareholder, you will receive a voting instruction form or VIF rather than a form of proxy. The VIF should be provided by your nominee and included with your management proxy circular. A VIF allows you to appoint another person or company to vote your shares on your behalf in the event that you are unable to attend the annual meeting. A VIF states the business that is to be acted upon at the annual meeting of shareholders.



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