UNDERWRITING AGREEMENT

Dated Effective July 27, 2015

Canadian Utilities Limited
700 ATCO Centre
909 – 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

Attention: B.R. Bale, Senior Vice President & Chief Financial Officer

The undersigned (collectively, the "**Underwriters**" and each individually, an "**Underwriter**") understand that Canadian Utilities Limited (the "**Corporation**") proposes to issue and sell to the Underwriters 5,000,000 Cumulative Redeemable Second Preferred Shares Series EE of the Corporation (the "**Securities**"). Subject to the terms and conditions of this Agreement, the Underwriters severally, and not jointly, offer to purchase from the Corporation, and by its acceptance of this Agreement the Corporation agrees to deliver and sell to the Underwriters, at the Closing Time, all but not less than all of the Securities at a price of $25.00 per Security (the "**Offering Price**"), for an aggregate purchase price of $125,000,000 (the "**Purchase Price**").

Subject to applicable laws and without affecting the firm obligation of the Underwriters to purchase the Securities from the Corporation at the Offering Price per Security in accordance with this Agreement, after the Underwriters have made a reasonable effort to sell all of the Securities offered hereby at the Offering Price, the offering price to the public may be decreased and may be further changed from time to time to an amount not greater than the Offering Price. Such decrease in the offering price to the public will not affect the Offering Price received by the Corporation. The Underwriters will inform the Corporation if the offering price to the public is decreased.

Upon and subject to the terms and conditions contained herein, the Corporation hereby grants to the Underwriters a non-assignable option ("**Underwriters' Option**") to purchase severally, and not jointly nor jointly and severally, in the respective percentages set forth in Schedule A hereto, up to an additional 2,000,000 Cumulative Redeemable Second Preferred Shares Series EE (the "**Option Securities**") to be offered and sold on the same terms as contemplated by this Agreement. The Underwriters' Option may be exercised in accordance with paragraph 10 hereof. Upon the exercise of the Underwriters' Option, all references in this Agreement to the "**Securities**" shall be deemed to include such Option Securities. In all other respects, the applicable terms, conditions and provisions of this Agreement shall apply mutatis mutandis to the Option Securities.

The Underwriters understand that the Corporation has prepared and filed with the Canadian Securities Regulators in each of the Qualifying Jurisdictions a final short-form base shelf prospectus dated December 4, 2013 in respect of up to $2,000,000,000 of the Corporation's series second preferred shares and debt securities in both the English and French languages (such short-form base shelf prospectus, including the Documents Incorporated by Reference, the "**Base Prospectus**") and obtained a Passport Receipt therefor.

The Corporation shall prepare and promptly after the execution of this Agreement and, in any event, not later than 9:00 p.m. (Calgary time) on July 29, 2015, file a shelf prospectus supplement, on a basis reasonably acceptable to the Underwriters, under and as required by Canadian Securities Laws with each of the Canadian Securities Regulators in both the English and French languages (such shelf prospectus supplement, including the Documents Incorporated by Reference, the "**Prospectus Supplement**" and together with the Base Prospectus, the "**Prospectus**"), and all other documents required to be filed with the Prospectus pursuant to Canadian Securities Laws.

The Underwriters propose to distribute the Securities in all of the Qualifying Jurisdictions pursuant to the Prospectus. The Securities may not be distributed outside Canada, including, without limitation, in the United States of America.

DEFINITIONS

In this Agreement:

"**affiliate**", "**distribution**", "**material change**", "**material fact**", "**misrepresentation**", and "**subsidiary**" have the respective meanings given to them in the *Securities Act* (Alberta);

"**Agreement**" means the agreement resulting from the acceptance by the Corporation of the offer made by the Underwriters by this letter;

"**Base Prospectus"** has the meaning given to it in the fourth paragraph above;

"**Business Day**" means a day which is not a Saturday, a Sunday or a statutory or civic holiday in Calgary, Alberta;

"**Canadian Securities Laws**" means all applicable securities laws in each of the Qualifying Jurisdictions and the respective regulations and rules under such laws together with applicable published policy statements of the Canadian Securities Regulators;

"**Canadian Securities Regulators**" means the applicable securities commission or regulatory authority in each of the provinces of Canada;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Closing**" means the completion of the issue and sale by the Corporation of the Securities and the purchase by the Underwriters of the Securities pursuant to this Agreement;

"**Closing Date**" means August 7, 2015, or such other date as the Corporation and the Underwriters may agree upon, but in any event shall not be later than August 14, 2015;

"**Closing Time**" means 7:00 a.m. (Calgary time) on the Closing Date or such other time as the Corporation and the Underwriters may agree upon;

"**Corporation**" has the meaning given to it in the first paragraph above;

"**Corporation Information**" means all information in the Prospectus and Prospectus Supplement any Prospectus Amendment, and the Documents Incorporated by Reference, other than facts relating solely to the Underwriters and provided by the Underwriters for use in any of those documents;

"**Documents Incorporated by Reference**" means, collectively, the English and French language versions of the all documents, including any marketing materials (as defined below), which are or are required or deemed to be incorporated by reference into the Base Prospectus, Prospectus or any Prospectus Amendment, as applicable, pursuant to Canadian Securities Laws;

"**Exchange**" means the Toronto Stock Exchange;

"**Financial Information**" means the Corporation's comparative financial statements, together with the accompanying report of the auditor, for the fiscal year ended December 31, 2014 and the Corporation's unaudited comparative financial statements for the six months ended June 30, 2015;

"**limited-use version**" has the meaning ascribed to such term in NI 41-101;

"**marketing materials**" has the meaning ascribed to such term in NI 41-101;

"**Lead Underwriters**" means BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc.;

"**MD&A**" means the management's discussion and analysis relating to the Financial Information;

"**NI 41-101**" means National Instrument 41-101 adopted by the Canadian Securities Regulators;

"**NI 44-101**" means National Instrument 44-101 adopted by the Canadian Securities Regulators;

"**NI 44-102**" means National Instrument 44-102 adopted by the Canadian Securities Regulators;

"**NP 11-202**" means National Policy 11-202 adopted by the Canadian Securities Regulators;

"**Offering Price**" has the meaning given to it in the first paragraph above;

“**Option Securities**” has the meaning given to it in the third paragraph above;

"**Passport Receipt**" means the receipt issued by the Principal Regulator, which is deemed to also be a receipt of the Canadian Securities Regulators pursuant to the Passport System, for the Base Prospectus and any Prospectus Amendment, as the case may be;

"**Passport System**" means the system and procedures for prospectus filing and review under Multilateral Instrument 11-102 adopted by the Canadian Securities Regulators (other than Ontario) and NP 11-202;

"**Principal Regulator**" means the Alberta Securities Commission;

"**Prospectus**" has the meaning given to it in the fifth paragraph above;

"**Prospectus Amendment**" means the English and French language versions of any amendment to the Base Prospectus or the Prospectus Supplement;

"**Prospectus Supplement**" has the meaning given to it in the fifth paragraph above;

"**provide**", in the context of sending or making available marketing materials to potential investors of the Securities, has the meaning ascribed to such term under Canadian Securities Laws;

"**Purchase Price**" has the meaning given to it in the first paragraph above;

"**Qualifying Jurisdictions**" means all of the provinces of Canada;

"**Securities**" has the meaning given to it in the first paragraph above;

"**Shelf Information**" has the meaning ascribed thereto in paragraph 1(a);

"**Shelf Procedures**" has the meaning ascribed thereto in paragraph 1(a);

"**standard term sheet**" has the meaning ascribed to such term in NI 41-101;

"**template version**" has the meaning ascribed to such term in NI 41-101 and includes any revised template version of marketing materials as contemplated by NI 41-101;

"**Transfer Agent**" means CST Trust Company;

"**Underwriter**" and "**Underwriters**" have the respective meanings given to them in the first paragraph above;

"**Underwriting Fee**" has the meaning given to it in paragraph 5; and

"**Underwriters' Option**" has the meaning given to it in the third paragraph above.

Unless otherwise expressly provided in this Agreement, words importing only the singular number include the plural and vice versa and words importing gender include all genders. References to "paragraph", "subparagraph" and "clause" are to the appropriate paragraph, subparagraph or clause of this Agreement.

TERMS AND CONDITIONS

1. Compliance With Canadian Securities Laws

(a) The Corporation: (i) is relying upon the rules and procedures established pursuant to NI 44-102 (the "**Shelf Procedures**"); (ii) has prepared and filed the Base Prospectus with the Canadian Securities Regulators and received the Passport Receipt, which Base Prospectus omits the Shelf Information, and has prepared and filed other documents relating to the proposed offering; (iii) will prepare and file, promptly after the execution of this Agreement, and in any event, not later than 9:00 p.m. (Calgary time) on July 29, 2015 with the Canadian Securities Regulators, in accordance with the Shelf Procedures, the Prospectus Supplement which will include the Shelf Information; and (iv) will advise the Underwriters promptly when such filing has been made. The Corporation will not file the Prospectus Supplement without prior notice, and a reasonable amount of time to comment given, to the Underwriters. The information included in the Prospectus Supplement that is permitted under the Shelf Procedures to be omitted from the Base Prospectus but that is deemed under the Shelf Procedures to be incorporated by reference in to the Base Prospectus as of the date of and by virtue of the Prospectus Supplement is referred to herein as the "**Shelf Information**".

(b) The Corporation covenants and agrees with the Underwriters that:

(i) the Corporation will duly and validly authorize and issue the Securities and will ensure that the Securities have the attributes described in Schedule B. The document establishing the attributes of the Securities will be acceptable, in all material respects, to the Underwriters and the Underwriters' counsel, acting reasonably; and

(ii) the Corporation shall fulfill or cause to be fulfilled to the reasonable satisfaction of the Underwriters' counsel all relevant provisions of Canadian Securities Laws that are required to be fulfilled by the Corporation to permit the distribution of the Securities in each of the Qualifying Jurisdictions, by or through the Underwriters or any other investment dealer or broker who complies with the relevant provisions of Canadian Securities Laws.

(c) During the distribution of the Securities

(i) the Corporation shall prepare, in consultation with the Lead Underwriters, and approve in writing, prior to such time any marketing materials are provided to potential investors in the Securities, a template version of any marketing materials reasonably requested to be provided by the Underwriters to any such potential investor, such marketing materials to comply with Canadian Securities Laws and to be acceptable in form and substance to the Underwriters and their counsel, acting reasonably;

(ii) the Lead Underwriters shall, on behalf of the Underwriters, as contemplated by the Canadian Securities Laws, approve a template version of any such marketing materials in writing prior to the time such marketing materials are provided to potential investors in the Securities;

(iii) the Corporation shall file a template version of the English version of any such marketing materials on SEDAR as soon as reasonably practical after such marketing materials are so approved in writing by the Corporation and the Lead Underwriters and, in any event, on or before the day the marketing materials are first provided to any potential investor in the Securities, and, if applicable, any comparables (as defined in NI 41-101) shall be removed from the template version in accordance with NI 44-101 prior to filing such on SEDAR (provided that if any such comparables are removed, the Corporation shall deliver a complete template version of any such marketing materials to the Canadian Securities Regulators), and, if not previously provided, the Corporation shall provide a copy of such filed template version to the Underwriters as soon as practicable following such filing. The French language version of any such marketing materials shall be SEDAR filed prior to or concurrently with the filing of the Prospectus as contemplated herein and a copy thereof shall be delivered to the Underwriters as soon as practicable following such filing;

(iv) following the approvals and filings set forth in subparagraphs 1(c)(i) to 1(c)(iii) above, the Underwriters may provide a limited-use version of such marketing materials to potential investors in the Securities in accordance with Canadian Securities Laws; and

(v) the Corporation shall prepare and file on SEDAR with the Canadian Securities Regulators a revised template version of any marketing materials provided to potential investors in the Securities where required under Canadian Securities Laws.

(d) The Corporation and the Underwriters, on several basis, covenant and agree during the distribution of the Securities:

(i) not to provide any potential investor of the Securities with any marketing materials unless a template version of such marketing materials has been or will be filed by the Corporation with the Canadian Securities Regulators on or before the day such marketing materials are first provided to any potential investor of the Securities; and

(ii) not to provide any potential investor with any materials or information in relation to the distribution of the Securities or the Corporation, other than: (A) such marketing materials that have been approved and filed in accordance with subparagraph 1(c); (B) the Prospectus; and (C) any standard term sheets approved in writing by the Corporation and the Lead Underwriters.

2. **Due Diligence**

Prior to the filing of the Prospectus Supplement, the Corporation shall have permitted the Underwriters to participate fully in the preparation of those documents and shall have allowed the Underwriters to complete all due diligence investigations which they reasonably require in order to fulfil their obligations as underwriters under the Canadian Securities Laws and in order to enable them responsibly to execute the certificate in the Prospectus Supplement required to be executed by them.

3. **Deliveries**

(a) **Deliveries on Filing and Related Matters**

As soon as possible after the filing of the Prospectus Supplement, unless previously delivered, the Corporation shall deliver to each of the Underwriters:

(i) a copy of the Prospectus, including all Documents Incorporated by Reference, and any Prospectus Amendment in the English language, signed and certified as required by the Canadian Securities Laws in the Qualifying Jurisdictions, other than Quebec;

(ii) a copy of the Prospectus, including all Documents Incorporated by Reference, and any Prospectus Amendment in the French language, signed and certified as required by the Canadian Securities Laws applicable in Quebec;

(iii) a copy of any other document required to be filed by the Corporation in compliance with Canadian Securities Laws in connection with the distribution of the Securities;

(iv) an opinion of Borden Ladner Gervais LLP addressed to the Underwriters, to the Corporation, to Bennett Jones LLP and to Blake, Cassels & Graydon LLP, in form and substance satisfactory to the Underwriters, acting reasonably, dated as of the date of the Prospectus Supplement or Prospectus Amendment, as applicable, to the effect that the French language version of the Prospectus, including the Documents Incorporated by Reference, except for the Financial Information and the MD&A, is in all material respects a complete and proper translation of the English language version thereof;

(v) an opinion of PricewaterhouseCoopers LLP addressed to the Underwriters, to the Corporation, to Bennett Jones LLP and to Blake, Cassels & Graydon LLP, in form and substance satisfactory to the Underwriters, acting reasonably, dated as of the date of the Prospectus Supplement or Prospectus Amendment, as applicable, to the effect that the French language versions of the Financial Information and the MD&A are in all material respects a complete and proper translation of the English language versions thereof; and

(vi) a "long form" comfort letter of PricewaterhouseCoopers LLP dated as of the date of the Prospectus Supplement or Prospectus Amendment, as applicable (with the requisite procedures to be completed as of a date which is two Business Days prior to the date of the Prospectus Supplement or Prospectus Amendment, as applicable), addressed to the Underwriters and the board of directors of the Corporation, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to certain financial and accounting information relating to the Corporation in the Prospectus Supplement or Prospectus Amendment, as applicable, including all Documents Incorporated by Reference, which letter shall be in addition to any comfort letters which must be filed with the Canadian Securities Regulators pursuant to Canadian Securities Laws.

(b) **Commercial Copies**

The Corporation shall cause commercial copies of the Prospectus and any Prospectus Amendment to be delivered to the Underwriters without charge, in such numbers and in such cities as the Underwriters may reasonably request by instructions to the printer of such documents given no later than the time the Corporation authorizes the printing of the commercial copies of such documents. Such delivery shall be effected as soon as possible and, in any event, with respect to the Prospectus before noon (local time) on July 31, 2015. Such deliveries shall constitute the Corporation's consent to the Underwriters' use of the Prospectus and any Prospectus Amendment for the distribution of the Securities in compliance with the provisions of this Agreement and Canadian Securities Laws.

(c) **Qualification of Securities**

The Corporation will promptly from time to time take such action as the Underwriters may reasonably request to qualify the Securities for offering and sale under the Canadian Securities Laws and will comply with such laws so as to permit the continuance of sales and dealings therein in the Qualifying Jurisdictions for so long as may be necessary to complete the distribution of the Securities; provided that, in connection therewith, the Corporation shall not be required to amend its charter documents (except to create the Cumulative Redeemable Second Preferred Shares Series EE) or by-laws or to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction.

(d) **Notice of Completion of Distribution**

After the Closing Time, the Underwriters shall:

(i) use their reasonable best efforts to complete the distribution of the Securities as promptly as possible; and

(ii) give prompt written notice to the Lead Underwriters and the Lead Underwriters will give prompt written notice to the Corporation when, in the opinion of the Underwriters, they have completed distribution of the Securities, including the total proceeds realized in each of the Qualifying Jurisdictions and, if required, as to the distribution of the Securities for the purposes of satisfying the listing requirements of the Exchange.

4. **Changes**

(a) **Material Change During Distribution**

During the period from the date of this Agreement to the completion of distribution of the Securities, the Corporation shall promptly notify the Underwriters in writing of:

(i) any material change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, operations or capital of the Corporation and its subsidiaries, taken as a whole;

(ii) any material fact which has arisen or been discovered and would have been required to have been stated in the Prospectus or any Prospectus Amendment had the fact arisen or been discovered on, or prior to, the date of such document; and

(iii) any change in any material fact (which for the purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained in the Prospectus or any Prospectus Amendment, including all Documents Incorporated by Reference, which fact or change is, or may be, of such a nature as to render any statement in such document misleading or untrue or which would result in a misrepresentation in the Prospectus or Prospectus Amendment or which would result in such document not complying (to the extent that such compliance is required) with Canadian Securities Laws.

The Corporation shall promptly, and in any event within any applicable time limitation, comply, to the satisfaction of the Underwriters, acting reasonably, with all applicable filing and other requirements under Canadian Securities Laws or other applicable securities legislation as a result of such material fact or change (including preparing and filing a revised template version of any marketing materials provided to potential investors in the Securities). The Corporation shall not file any Prospectus Amendment or other document, however, without first obtaining approval from the Underwriters, after consultation with the Underwriters with respect to the form and content thereof, which approval will not be unreasonably withheld. The Corporation shall in good faith discuss with the Underwriters any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether written notice need be given under this paragraph.

(b) **Change in Canadian Securities Laws**

If, during the period of distribution to the public of the Securities, there shall be any change in the Canadian Securities Laws which, in the opinion of the Underwriters, acting reasonably, requires the filing of a Prospectus Amendment, the Corporation shall, to the satisfaction of the Underwriters, acting reasonably, promptly prepare and file such Prospectus Amendment with the appropriate securities regulatory authority in each jurisdiction in which such filing is required.

5. **Services Provided by Underwriters and Underwriting Fee**

In return for the Underwriters' services in acting as financial advisors to the Corporation, in assisting in the preparation of the Prospectus (and any Prospectus Amendment), in advising on the final terms and conditions of the Securities, in forming and managing banking, selling or other groups for the sale of the Securities, in distributing the Securities, both directly and to other registered dealers or brokers, and in performing administrative work in connection with the distribution of the Securities, the Corporation agrees to pay to the Underwriters at the Closing Time a fee of $0.25 per Security sold to certain institutions by Closing and $0.75 per Security for all other Securities (the "**Underwriting Fee**"). The Underwriting Fee shall be payable as provided in paragraph 6.

6. **Closing Matters**

(a) The purchase and sale of the Securities shall be completed at the Closing Time at the offices of Bennett Jones LLP, in Calgary, Alberta, or at such other place as the Underwriters and the Corporation may agree upon.

(b) At the Closing Time:

(i) the Corporation shall deliver to the Underwriters one fully-registered global certificate for, or to otherwise electronically deposit with CDS, the Securities registered in the name of "CDS & Co." as CDS's nominee, to be held by CDS as a book-entry only security in accordance with CDS's rules and procedures;

(ii) the Corporation shall deliver to BMO Nesbitt Burns Inc., on behalf of all of the Underwriters, a direction to deduct the aggregate Underwriting Fee payable on the gross proceeds of the sale of the Securities hereunder at the Closing Time, which the Corporation agrees to pay the Underwriters for their services in connection with the issuance and sale of the Securities from the gross purchase price for the Securities owing to the Corporation; and

(iii) BMO Nesbitt Burns Inc. will cause to be sent to the Corporation by wire transfer or bank transfer, on behalf of the Underwriters, the aggregate purchase price for the Securities issued and sold hereunder, net of the Underwriting Fee as contemplated in Section 6(b)(ii).

7. **Representations and Warranties of the Corporation**

The Corporation makes the following representations and warranties to the Underwriters and acknowledges that the Underwriters are relying upon such representations and warranties in purchasing the Securities:

(a) The delivery to the Underwriters of the documents referred to in paragraph 3 shall constitute a representation and warranty by the Corporation to the Underwriters that all Corporation Information contained therein and incorporated therein by reference (except any information or statements which are modified by or superseded by information or statements contained in the Prospectus, or a Prospectus Amendment, as the case may be, or contained in a document that is incorporated by reference in the Prospectus) are at the respective dates of delivery thereof true and correct in all material respects, contain no misrepresentation and constitute full, true and plain disclosure of all material facts relating to the Corporation and the Securities as required by the Canadian Securities Laws, and that, with respect to such information and statements, there has been no omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

(b) The Corporation's ownership of its material subsidiaries is accurately disclosed in the Prospectus (including the Documents Incorporated by Reference). All of the shares of the subsidiaries of the Corporation owned, directly or indirectly, by the Corporation are owned free and clear of any material pledge, lien, security interest, charge, claim or encumbrance of any kind except for security granted in respect of indebtedness described in the financial statements included in the Documents Incorporated by Reference.

(c) Since December 31, 2014, except as reflected in the Prospectus or any Prospectus Amendment, neither the Corporation nor any of its subsidiaries has (a) issued to an arm's length party any debt securities, shares of capital stock or securities convertible into or exchangeable for capital stock of the Corporation or its subsidiaries or incurred to an arm's length party any liabilities or obligations, direct or contingent, for borrowed money, except liabilities or obligations incurred in the ordinary course of business, or (b) declared or paid any dividend or made any distribution on any shares of its capital stock to an arm's length party or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or otherwise acquire any shares of its capital stock from an arm's length party.

8. Conditions

The Underwriters' obligation to purchase the Securities at the Closing Time shall be subject to the accuracy of the representations and warranties of the Corporation contained in this Agreement both as of the date of this Agreement and as of the Closing Time, the performance by the Corporation of its obligations under this Agreement and the following additional conditions:

(a) The Underwriters shall have received at the Closing Time a legal opinion addressed to the Underwriters and to Blake, Cassels & Graydon LLP, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, dated the Closing Date from Bennett Jones LLP with respect to such matters related to the transactions contemplated hereby reasonably requested by the Underwriters and their counsel. In providing such opinion, Bennett Jones LLP may rely upon the opinions of local counsel where they deem such reliance proper as to laws other than those of Canada, Alberta, British Columbia and Ontario and, as to matters of fact, on certificates of the Transfer Agent, auditors, public and Exchange officials and officers of the Corporation.

(b) The Underwriters shall have received at the Closing Time a legal opinion of Borden Ladner Gervais LLP, in form and substance satisfactory to the Underwriters, acting reasonably, regarding compliance with the laws of Quebec relating to the use of the French language in connection with the documents (including the Prospectus, any Prospectus Amendment and the certificates representing the Securities) to be delivered to purchasers in Quebec.

(c) The Underwriters shall have received at the Closing Time a legal opinion dated the Closing Date from the Underwriters' counsel, Blake, Cassels & Graydon LLP, with respect to the matters in subparagraph 8(a). In providing such opinion Blake, Cassels & Graydon LLP shall be entitled to rely on the opinions of local counsel as to matters governed by the laws of jurisdictions other than the laws of Canada and Alberta and, as to matters of fact, on certificates of the Transfer Agent, public and Exchange officials and officers of the Corporation, and shall be entitled to rely upon the opinions of Bennett Jones LLP with respect to the matters in subparagraph 8(a) relating to the Corporation.

(d) The Underwriters shall have received at the Closing Time a "bring down" comfort letter of PricewaterhouseCoopers LLP, dated as of the Closing Date (with the requisite procedures to be completed as of a date which is two Business Days prior to the Closing Date), addressed to the Underwriters and the board of directors of the Corporation, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to certain financial and accounting information relating to the Corporation in the Prospectus or any Prospectus Amendment including all Documents Incorporated by Reference, which letter shall be in addition to the auditors' report incorporated by reference into the Prospectus.

(e) The Underwriters shall have received at the Closing Time a certificate or certificates dated the Closing Date and signed on behalf of the Corporation by two officers of the Corporation, one of whom shall be the Chief Executive Officer or the Chief Financial Officer of the Corporation, and the other of whom shall be the Vice President & Treasurer, Vice President, Finance & Risk, the Corporate Secretary or such other officers of the Corporation acceptable to the Underwriters, acting reasonably, addressed to the Underwriters certifying for and on behalf of the Corporation after having made due inquiry and after having examined the Prospectus and any Prospectus Amendment, including all Documents Incorporated by Reference, that:

(i) since the respective dates as of which information is given A. there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, affairs or capital of the Corporation and its subsidiaries, taken as a whole, and B. no transaction has been entered into by the Corporation or any of its subsidiaries which is material to the Corporation and its subsidiaries, taken as a whole, other than as disclosed in the Prospectus, or any Prospectus Amendment, as the case may be;

(ii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading of the Securities or any other securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened;

(iii) the Securities have been rated by DBRS Limited as Pfd-2 (high) and by Standard & Poor's as P-2 (High), and there has been no change in this status;

(iv) the Corporation has duly complied with all the terms and conditions of this Agreement on its part to be complied with up to the Closing Time; and

(v) the representations and warranties of the Corporation contained in this Agreement are true and correct as of the Closing Time with the same force and effect as if made at and as of the Closing Time.

(f) The Underwriters shall have received written confirmation that the Exchange has approved the listing of the Securities on such exchange subject only to filing of documents and evidence of satisfactory distribution in accordance with the requirements of the Exchange.

(g) The Underwriters and counsel for the Underwriters shall have received from the Corporation such further certificates, documents and other information as they may have reasonably requested.

9. Termination Rights

(a) Litigation

If any inquiry, action, suit, investigation or other proceeding whether formal or informal is instituted, threatened or announced or any order is made by any Canadian federal, provincial or other governmental authority or any United States federal, state or other governmental authority or by any stock exchange or other regulatory authority in relation to the Corporation or any of its subsidiaries or there is any change of law or the interpretation or administration of laws which, in the reasonable opinion of the Underwriters or any of them, operates to prevent or restrict the distribution or trading of the Securities, any of the Underwriters shall be entitled, at its option, in accordance with subparagraph 9(f), to terminate its obligations under this Agreement by notice to that effect given to the Corporation at any time prior to the Closing Time.

(b) Disaster Out

If, prior to the Closing Time, there should develop, occur or come into effect any occurrence of national or international consequence or any event, action, condition, law, governmental regulation, inquiry or other development or occurrence, whether in any financial market or otherwise, of any nature whatsoever which, in the sole opinion of any of the Underwriters, acting reasonably, seriously adversely affects or is likely to seriously adversely affect the Canadian financial markets or the business, operations or affairs of the Corporation and its subsidiaries, taken as a whole, any of the Underwriters shall be entitled, at its sole option, in accordance with subparagraph 9(f), to terminate its obligations under this Agreement by written notice to that effect given to the Corporation any time prior to the Closing Time.

(c) Material Change

If, prior to the Closing Time, there should occur any material change or a change in any material fact such as is contemplated in subparagraph 4(a), which results or, in the opinion of any of the Underwriters, is reasonably expected to result, in the purchasers of a material number of Securities exercising their right under the Canadian Securities Laws to withdraw from their purchase of Securities or, in the opinion of any of the Underwriters, is reasonably expected to have a significant adverse effect on the market price or value of the Securities, any of the Underwriters shall be entitled, at its option, in accordance with subparagraph 9(f), to terminate its obligations under this Agreement by written notice to that effect given to the Corporation at any time prior to the Closing Time.

(d) Change in Ratings

If, during the period from the date of this Agreement to the Closing Time, there shall occur a negative change in the rating or outlook applicable to the Securities or any of the securities of the Corporation or any of its subsidiaries by one of the statistical rating organizations or if one of such organizations shall place any of the securities of the Corporation or any of its subsidiaries on credit watch, any of the Underwriters shall be entitled, at its option, in accordance with subparagraph 9(f), to terminate its obligations under this Agreement by written notice to that effect given to the Corporation at any time prior to the Closing Time.

(e) **Conditions**

The Corporation agrees that all terms and conditions of this Agreement shall be construed as conditions and complied with insofar as they relate to acts to be performed or caused to be performed by it, that it will use its best efforts to cause such conditions to be complied with, and that any material breach or failure by the Corporation to comply in all material respects with any such conditions which are for the benefit of the Underwriters shall entitle any of the Underwriters to terminate its obligations to purchase the Securities by notice to that effect given to the Corporation at or prior to the Closing Time, unless otherwise expressly provided in this Agreement. The Underwriters may waive, in whole or in part, or extend the time for compliance with, any terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that any such waiver or extension shall be binding upon the Underwriters only if such waiver or extension is in writing and signed by all of the Underwriters.

(f) **Exercise of Termination Rights**

The rights of termination contained in subparagraphs 9(a), (b), (c), (d) and (e) may be exercised by any of the Underwriters and are in addition to any other rights or remedies any of the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Corporation in respect of any of the matters contemplated by this Agreement or otherwise. In the event of any such termination, there shall be no further liability on the part of the Underwriters to the Corporation or on the part of the Corporation to the Underwriters except in respect of any liability which may have arisen or may arise after such termination under paragraphs 11, 12 and 14. A notice of termination given by an Underwriter under subparagraph 9(a), (b), (c), (d) or (e) shall not be binding upon any other Underwriter.

10. **Underwriters' Option**

The Underwriters' Option is exercisable in whole or in part, at any time prior to 7:00 a.m. (Calgary time) on the date that is two business days prior to the Closing Date at a price of $25.00 per Option Security, having an aggregate purchase price of $50,000,000 (assuming that the Underwriters' Option is exercised in full), which is payable at the Closing Time. The Underwriters may exercise the Underwriters' Option, in whole or in part, during the currency thereof, by delivery of a written notice from the Lead Underwriters, on behalf of the Underwriters, to the Corporation, specifying the aggregate number of Option Securities which the Underwriters have agreed to purchase. If the Underwriters exercise the Underwriters' Option, the Underwriters will, at the Closing Time, pay to the Corporation the purchase price for the Option Securities purchased by the Underwriters and the Underwriters will be paid a fee in accordance with paragraph 5 hereof for each Option Security purchased upon the exercise of the Underwriters' Option, and all references in this Agreement to the "**Securities**" shall be deemed to include such Option Securities. In all other respects, the applicable terms, conditions and provisions of this Agreement shall apply mutatis mutandis to the Option Securities. To the extent the Underwriters' Option is exercised, each Underwriter agrees, severally and not jointly nor jointly and severally and subject to the applicable terms, conditions and provisions of this Agreement, to purchase such portion of Option Securities (subject to such adjustments to eliminate fractional shares as the Lead Underwriters may determine) as is set out in Schedule A hereto opposite the name of the such Underwriter.

11. **Indemnity**

(a) **Indemnity**

The Corporation agrees to indemnify and save harmless each of the Underwriters and each of their affiliates, directors, officers, employees and agents from and against all liabilities, claims, losses (other than loss of profits), reasonable costs, damages and reasonable expenses (including without limitation any legal fees or other expenses reasonably incurred by any Underwriter in connection with defending or investigating any such action or claim) in any way caused by, or arising directly or indirectly from, or in consequence of:

(i) any Corporation Information contained in the Prospectus or any Prospectus Amendment, including the Documents Incorporated by Reference, being or being alleged to be a misrepresentation or untrue or any omission or alleged omission to state therein any fact or information required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances in which it was made;

(ii) any order made or inquiry, investigation or proceeding commenced or threatened by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or alleged omission or any misrepresentation or alleged misrepresentation (except a statement or omission or alleged statement or omission regarding facts relating solely to the Underwriters and provided by the Underwriters expressly for use therein) in the Prospectus or Prospectus Amendment, including the Documents Incorporated by Reference or any other material filed or delivered pursuant thereto or based upon any failure to comply with the Canadian Securities Laws (other than any failure or alleged failure by the Underwriters to comply), preventing or restricting the trading in or the sale or distribution of the Securities in any of the Qualifying Jurisdictions;

(iii) the material breach of any material covenants of the Corporation contained herein; or

(iv) the non-compliance or alleged non-compliance by the Corporation with any of the Canadian Securities Laws, including the Corporation's non-compliance with any statutory requirement to make any document available for inspection.

In no event shall this indemnity inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages or liabilities purchased Securities or any other Indemnified Party if the Corporation has complied with subparagraph 3(b) and a copy of the Prospectus (as then amended, if the Corporation shall have furnished any Prospectus Amendments) was not sent or given by or on behalf of such Underwriter to such person, if required by law so to have been delivered, at or prior to the written confirmation of the sale of the Securities to such person, and if the Prospectus (as so amended) would have cured the defect giving rise to such losses, claims, damages or liabilities.

(b) **Notification of Claims**

If any matter or thing contemplated by subparagraph 11(a) (any such matter or thing being referred to as a "**Claim**") is asserted against any person or company in respect of which indemnification is or might reasonably be considered to be provided, such person or company (the "**Indemnified Party**") will notify the Corporation as soon as possible of the nature of such Claim (but the omission so to notify the Corporation of any potential Claim shall not relieve the Corporation from any liability which it may have to any Indemnified Party and any omission so to notify the Corporation of any actual claim shall affect the Corporation's liability only to the extent that it is materially prejudiced by that failure). The Corporation shall be entitled to participate in and, to the extent that it shall wish, to assume the defence of any suit brought to enforce such Claim; provided, however, that the defence shall be conducted through legal counsel acceptable to the Indemnified Party, acting reasonably, that no settlement of any such Claim or admission of liability may be made by the Corporation or the Indemnified Party without the prior written consent of the other parties, acting reasonably, and that the Corporation shall not be liable for any settlement of any such Claim unless it has consented in writing to such settlement or unless such settlement, compromise or judgment (i) includes an unconditional release of the Indemnified Party from all liability arising out of such Claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party or the Corporation.

(c) **Settlement Without Consent if Failure to Reimburse**

If at any time an Indemnified Party shall have requested the Corporation to reimburse the Indemnified Party for fees and expenses and the Corporation is obligated to reimburse the Indemnified Party under the foregoing provisions of this paragraph 11, the Corporation agrees that it shall be liable for any settlement of the nature contemplated by subparagraph 11(b) effected without its written consent if (i) such settlement is entered into more than 60 days after receipt by the Corporation of the aforesaid request, (ii) the Corporation shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) the Corporation shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement.

(d) **Retaining Counsel**

In any Claim, the Indemnified Party shall have the right to retain other counsel to act on its behalf, provided that the reasonable fees and disbursements of such counsel shall be paid by the Indemnified Party unless (i) the Corporation fails to assume the defence of such suit on behalf of the Indemnified Party within 10 days of receiving written notice of such suit; (ii) the Corporation and the Indemnified Party shall have mutually agreed to the retention of the other counsel; or (iii) the named parties to any such Claim (including any added third or impleaded party) include both the Indemnified Party and the Corporation and the Corporation and the Indemnified Party shall have been advised by counsel that the representation of both parties by the same counsel would be inappropriate due to the actual or potential differing interests between them. In no event shall the Corporation be liable to pay the fees and disbursements of more than one firm of separate counsel for all Indemnified Parties and, in addition, one firm of local counsel in each applicable jurisdiction.

12. Contribution

(a) Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in paragraph 11 is unavailable, in whole or in part, for any reason to an Indemnified Party in respect of any losses, claims, damages, liabilities, costs or expenses (or claims, actions, suits or proceedings in respect thereof) referred to in paragraph 11, the Corporation and the Underwriters shall contribute to the amount paid or payable (or, if such indemnity is unavailable only in respect of a portion of the amount so paid or payable, such portion of the amount so paid or payable) by the Corporation as a result of such losses, claims, damages, liabilities, costs or expenses (or claims, actions, suits or proceedings in respect thereof):

(i) in such proportion as is appropriate to reflect the relative benefits received by the Corporation on the one hand and the Underwriters on the other hand from the offering of the Securities; or

(ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Corporation on the one hand and the Underwriters on the other hand in connection with the information, statement, omission, misrepresentation, order, inquiry, investigation or other matter or thing referred to in paragraph 11 which resulted in such losses, claims, damages, liabilities, costs or expenses (or claims, actions, suits or proceedings in respect thereof), as well as any other relevant equitable considerations.

The relative benefits received by the Corporation on the one hand and the Underwriters on the other hand shall be deemed to be in the same proportion as the total proceeds from the offering (net of the Underwriting Fee but before deducting expenses) received by the Corporation is to the Underwriting Fee received by the Underwriters. The relative fault of the Corporation on the one hand and of the Underwriters on the other hand shall be determined by reference to, among other things, whether the information, statement, omission, misrepresentation, order, inquiry, investigation or other matter or thing referred to in paragraph 11 which resulted in such losses, claims, damages, liabilities, costs or expenses (or claims, actions, suits or proceedings in respect thereof) relates to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Corporation or to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Underwriters and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission, misrepresentation, order, inquiry, investigation or other matter or thing referred to in paragraph 11. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages, liabilities, costs or expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such losses, claims, damages, liabilities, costs or expenses (or claims, actions, suits or proceedings in respect thereof), whether or not resulting in any such action, suit, proceeding or claim. The Corporation and the Underwriters agree that it would not be just and equitable if contribution pursuant to this paragraph 12 were determined by any method of allocation which does not take into account the equitable considerations referred to immediately above.

A person who is engaged in any fraud, fraudulent misrepresentation or gross negligence shall not, to the extent that the claims, expenses, liabilities and losses were caused by that activity, be entitled to claim contributions therefor from any person who is not engaged in that fraud, fraudulent misrepresentation or gross negligence.

(b) **Right of Contribution in Addition to Other Rights**

The rights to contribution provided in this paragraph 12 shall be in addition to and not in derogation of any other right to contribution which the Underwriters may have by statute or otherwise at law.

(c) **Calculation of Contribution**

In the event that the Corporation may be held to be entitled to contribution from the Underwriters under the provisions of any statute or at law, the Corporation shall be limited to contribution in an amount not exceeding the lesser of:

(i) the portion of the full amount of the loss or liability giving rise to such contribution for which the Underwriters are responsible, as determined in accordance with subparagraph 12(a), and

(ii) the amount of the aggregate fee actually received by the Underwriters from the Corporation under this Agreement.

(d) **Notice of Claim for Contribution**

Notification to the Corporation of a Claim pursuant to subparagraph 11(b) shall be deemed to also constitute notice to the Corporation that a claim for contribution by the Underwriters may arise.

(e) **Right of Contribution in Favour of Others**

The Corporation hereby acknowledges and agrees that, with respect to paragraphs 11 and 12 hereof, the Underwriters are contracting on their behalf and as agents for their affiliates, directors, officers, employees, agents and other Indemnified Parties (collectively, the "**Beneficiaries**"). In this regard each of the Underwriters shall act as trustee for the Beneficiaries of the Corporation's covenants under paragraphs 11 and 12 hereof with respect to the Beneficiaries and accepts these trusts and shall hold and enforce the covenants on behalf of the Beneficiaries.

13. **Severability**

If any provision of paragraph 11 or 12 is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

14. Expenses

The Corporation agrees to pay, or reimburse if paid by or on behalf of the Underwriters, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses of the Corporation incidental to the public offering of the Securities and the performance of the obligations of the Corporation under this Agreement including, but not limited to, those relating to: (i) the fees, disbursements and expenses of the Corporation's counsel and accountants in connection with the issuance of the Securities; (ii) the preparation, printing, filing and distribution of the Prospectus and any Prospectus Amendment and any marketing materials; (iii) the preparation and delivery of any certificates for the Securities to the Underwriters; (iv) the qualification of the Securities for offer and sale under the Canadian Securities Laws; and (v) the furnishing (including costs of shipping and mailing) to the Corporation and to the Underwriters of copies of Prospectus and any Prospectus Amendment and any marketing materials. The fees and disbursements of Underwriters' counsel and the Underwriters' out-of-pocket expenses shall be borne by the Underwriters except that the Underwriters shall be reimbursed for the Underwriters' reasonable expenses of forming and managing a banking and selling group and for the Underwriters' reasonable disbursements and expenses if the transactions contemplated in this Agreement are not completed for any reason whatsoever other than by reason of a default by the Underwriters.

15. Obligations

(a) Obligation of Underwriters to Purchase

The obligation of the Underwriters to purchase the Securities at the Closing Time shall be several and not joint and several and shall be limited to the percentage of the Securities specified opposite the name of each such Underwriter in Schedule A.

If one or more of the Underwriters (the "**Refusing Underwriters**") fails or refuses to purchase its or their percentage of the Securities at the Closing Time, then the other Underwriters (the "**Continuing Underwriters**") shall have the right, but shall not be obligated, to purchase such Securities on a *pro rata* basis (or on such other basis as they may agree). If the number of such Securities which the Continuing Underwriters wish, but are not obliged, to purchase exceeds the number of such Securities which remain available for purchase, such Securities shall be divided *pro rata* (or on such other basis as they may agree) among the Continuing Underwriters in proportion to the percentage of Securities which such Underwriters have agreed to purchase as set out in Schedule A. If the Continuing Underwriters do not purchase all the Securities of the Refusing Underwriters, the Corporation shall be entitled to terminate its obligations under this Agreement without further liability to the Underwriters, on the one hand, or on the part of the Continuing Underwriters to the Corporation, on the other hand, except in respect of any liability which may have arisen or may arise under paragraphs 11, 12 and 14. Nothing in this subparagraph shall relieve any Refusing Underwriter from liability to the Corporation.

(b) Relief of Underwriters

If one or more Underwriters ("**Defaulting Underwriters**") do not purchase their percentage of the total number of Securities at the Closing Time and the remaining Underwriters that are willing and able to purchase their own percentage of the total number of Securities do not purchase the Securities that would otherwise have been purchased by the Defaulting Underwriters, the remaining Underwriters shall be relieved, without liability, of their obligation to purchase their percentage of the total number of Securities and shall be entitled by written notice to the Corporation to terminate this Agreement.

16. **Concurrent Offerings**

The Corporation and each of its subsidiaries shall not, for a period of 90 days after the Closing Date, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, sell, grant any option for the sale of or announce its intention to sell, nor authorize or issue, or announce its intention to authorize or issue, any preferred shares other than the Securities to an arm's length party.

17. **Survival of Representations and Warranties**

The representations, warranties, obligations and agreements of the Corporation and of the Underwriters contained in this Agreement and in any certificate delivered pursuant to this Agreement or in connection with the purchase and sale of the Securities shall survive the purchase of the Securities and shall continue in full force and effect unaffected by any subsequent disposition of the Securities by the Underwriters or the termination of the Underwriters' obligations and shall not be limited or prejudiced by any investigation made by or on behalf of the Underwriters in connection with the preparation of the Prospectus or any Prospectus Amendment, or the distribution of the Securities.

18. **Time of the Essence**

Time shall be of the essence of this Agreement.

19. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable in Alberta.

20. **Funds**

All funds referred to in this Agreement shall be in Canadian dollars unless otherwise indicated.

21. **Notice**

Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement shall be in writing addressed to the Corporation at:

Canadian Utilities Limited
700 ATCO Centre
909 – 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

Facsimile: 403.292.7507
Attention: Senior Vice President & Chief Financial Officer

or if to an Underwriter to its address set out in Schedule A or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by fax to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by fax shall be deemed to be given and received on the first Business Day following the day on which it is sent.

22. **Authority of Lead Underwriters**

The Lead Underwriters are hereby authorized by the other Underwriters to act on their behalf and the Corporation shall be entitled to and shall act on any notice given in accordance with paragraph 21 or any agreement entered into by or on behalf of the Underwriters by the Lead Underwriters, which represent and warrant that they have irrevocable authority to bind the Underwriters, except in respect of: (i) any consent to a settlement pursuant to subparagraph 11(b), which consent shall be given by the Indemnified Party; (ii) a notice of termination pursuant to paragraph 9, which notice may be given by any of the Underwriters; (iii) any waiver pursuant to subparagraph 9(e), which waiver must be signed by all of the Underwriters; or (iv) under paragraph 15, which shall be exercised by all the Continuing Underwriters. The Lead Underwriters shall consult with the other Underwriters concerning any matter in respect of which it acts as representative of the Underwriters.

23. **Counterparts**

This Agreement may be executed by any one or more of the parties to this Agreement in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

24. **Schedules**

Schedules A and B are incorporated herein by reference and form part of this Agreement.

25. **No Requirement to List Securities as a Condition for Services Provided**

Each of TD Securities Inc., Scotia Capital Inc. and CIBC World Markets Inc., or an affiliate thereof, owns or controls an equity interest in TMX Group Limited ("**TMX Group**") and may have a nominee director serving on the TMX Group's board of directors. As such, each such investment dealer may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the TSX, the TSX Venture Exchange and the Alpha Exchange. No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such dealer supplying or continuing to supply a product or service. None of TD Securities Inc., Scotia Capital Inc. or CIBC World Markets Inc. requires the Corporation to list securities on any of the exchanges referred to above as a condition of supplying or continuing to supply underwriting and/or any other services, including any services provided pursuant to the terms hereof.

26. **Entire Agreement**

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this letter where indicated below and returning them to BMO Nesbitt Burns Inc. upon which this letter as so accepted shall constitute an Agreement among us.

[*The remainder of this page has been intentionally left blank*]

Yours very truly,

BMO NESBITT BURNS INC.

By: *"Aaron M. Engen"*

RBC DOMINION SECURITIES INC.

By: *"David Dal Bello"*

TD SECURITIES INC.

By: *"Alec W.G. Clark "*

SCOTIA CAPITAL INC.

By: *"Anthony Aulicino"*

CIBC WORLD MARKETS INC.

By: *"Joseph Kostandoff"*

CANACCORD GENUITY CORP.

By: *"Steve Winokur"*

GMP SECURITIES L.P.

By: *"Ross Prokopy"*

The foregoing offer is accepted and agreed to as of the date first above written.

Yours very truly,

CANADIAN UTILITIES LIMITED

By: *"B.R. Bale"*
B.R. Bale
Senior Vice President & Chief Financial Officer

By: *"Clint Warkentin"*
Clint Warkentin
Vice President & Treasurer

SCHEDULE A

1. Underwriters

The Underwriters and their addresses are:	% of Securities being purchased
BMO Nesbitt Burns Inc. Suite 900 525 - 8th Avenue S.W. Calgary, Alberta T2P 1G1 Attention: Aaron M. Engen Fax: (403) 515-1535	26.5
RBC Dominion Securities Inc. 3900 Bankers Hall West 888 3rd Street SW Calgary AB T2P 5C5 Attention: Michael Scott Fax: (403) 299-6900	26.5
TD Securities Inc. Suite 3600, TD Canada Trust Tower 421-7th Ave SW Calgary, Alberta T2P 4K9 Attention: Alec W. G. Clark Fax: (403) 292-2776	20
Scotia Capital Inc. 1800, 700 – 2nd Street SW Calgary, Alberta T2P 2W1 Attention: Anthony Aulicino Facsimile: (403) 269-8355	17

The Underwriters and their addresses are:	% of Securities being purchased
CIBC World Markets Inc. 855 – 2nd St S.W. 9th Floor Calgary, AB T2P 4J7 Attention: Kelsen Vallee Fax: (403) 260-0524	8
Canaccord Genuity Corp. TransCanada Tower 450 1st Street SW, Suite 2200 Calgary, AB T2P 5P8 Attention: Steve Winokur Fax: (416) 869-3876	1
GMP Securities L.P. 525 – 8th Ave SW Suite 4800 Calgary, AB T2P 1G1 Attention: Ross Prokopy Fax: (403) 543-3038	1
	100%

SCHEDULE B

ATTRIBUTES OF SECURITIES

CUMULATIVE REDEEMABLE SECOND PREFERRED SHARES SERIES EE

Issuer:	Canadian Utilities Limited (the "**Corporation**").
Issue:	Cumulative Redeemable Second Preferred Shares Series EE (the "**Preferred Shares**").
Issue Size:	$125,000,000 million 5,000,000 Preferred Shares
Issue Price:	$25.00 per Preferred Share.
Underwriters' Option	The Corporation has granted the Underwriter's the option, exercisable at the Issue Price, in whole or in part, at any time prior to 7:00 a.m. (Calgary time) on the date that is two (2) business days prior to Closing, to purchase up to 2,000,000 additional Cumulative Redeemable Second Preferred Shares Series EE.
Dividends:	5.25% per annum, payable quarterly on a cumulative basis on the first day of March, June, September, and December in each year. The initial dividend, if declared, will be paid on December 1, 2015 and will be $ 0.41712 per Preferred Share based on an anticipated closing date of August 7, 2015.
Redemption for Cash:	The Preferred Shares will not be redeemable by the Corporation prior to September 1, 2020. On and after September 1, 2020, the Corporation may, on not less than 30 nor more than 60 days' notice, redeem the Preferred Shares in whole or in part, at the Corporation's option, by the payment in cash of $26.00 per Preferred Share if redeemed prior to September 1, 2021, at $25.75 per Preferred Share if redeemed on or after September 1, 2021 but prior to September 1, 2022, at $25.50 per Preferred Share if redeemed on or after September 1, 2022 but prior to September 1, 2023, at $25.25 per Preferred Share if redeemed on or after September 1, 2023 but prior to September 1, 2024 and at $25.00 per Preferred Share if redeemed on or after September 1, 2024, in each case together with all declared and unpaid dividends up to but excluding the date fixed for redemption.
Purchase for Cancellation:	The Corporation may at any time or times purchase for cancellation all or any part of the Preferred Shares on the open market, by private agreement or otherwise at the lowest price or

	prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.
Ratings:	S&P: P-2 (High) DBRS: Pfd-2 (high)
Rights on Liquidation:	The Preferred Shares will rank junior to the Series Preferred Shares (none of which are outstanding) and in priority to the Class A non-voting shares and the Class B common shares of the Corporation and on a parity with all other series of Series Second Preferred Shares with respect to the payment of any dividends and the distribution of assets upon the liquidation, dissolution or winding-up of the Corporation.
Use of Proceeds:	The net proceeds of the offering will be used by the Corporation for capital expenditures, to repay existing indebtedness and for other general corporate purposes.
Voting Rights:	The holders of the Preferred Shares are not entitled to any voting rights or to receive notice of or to attend shareholders' meetings unless dividends on the Series Second Preferred Shares of any series are in arrears to the extent of eight quarterly dividends or four half-yearly dividends, as the case may be, whether or not consecutive. Until all arrears of dividends have been paid, holders of Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings at which directors are to be elected (other than separate meetings of holders of another class or series of shares) and to one vote in respect of each Preferred Share held.
Eligibility:	Eligible for registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax free savings accounts under the *Income Tax Act* (Canada).
Listing:	Application has been made to list the Preferred Shares on the Toronto Stock Exchange. Listing will be subject to the Corporation fulfilling all of the listing requirements of the Exchange.
Form of Offering:	Bought deal by way of prospectus supplement to be filed in each of the provinces of Canada.
Tax on Preferred Shares:	The Corporation will elect to pay or cause payment of tax under Part VI.1 of the *Income Tax Act* (Canada) such that no tax under Part IV.1 of the *Income Tax Act* (Canada) will be payable by the

	holders.
Underwriting Fee:	1.0 % on Preferred Shares sold to certain institutions 3.0 % on all other Preferred Shares sold
Closing:	On or about August 7, 2015.