CU INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2025

March 31, 2026

This Annual Information Form (AIF) is meant to help readers understand the business and operations of CU Inc. (our, we, us, the Company, or the Corporation).

Unless otherwise noted, the information contained within this AIF is presented as at December 31, 2025.

The Company is controlled by Canadian Utilities Limited (Canadian Utilities or CU), which in turn is controlled by ATCO Ltd. (ATCO) and its controlling share owners, Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

Terms used throughout this AIF are defined in the Glossary at the end of this document.

TABLE OF CONTENTS

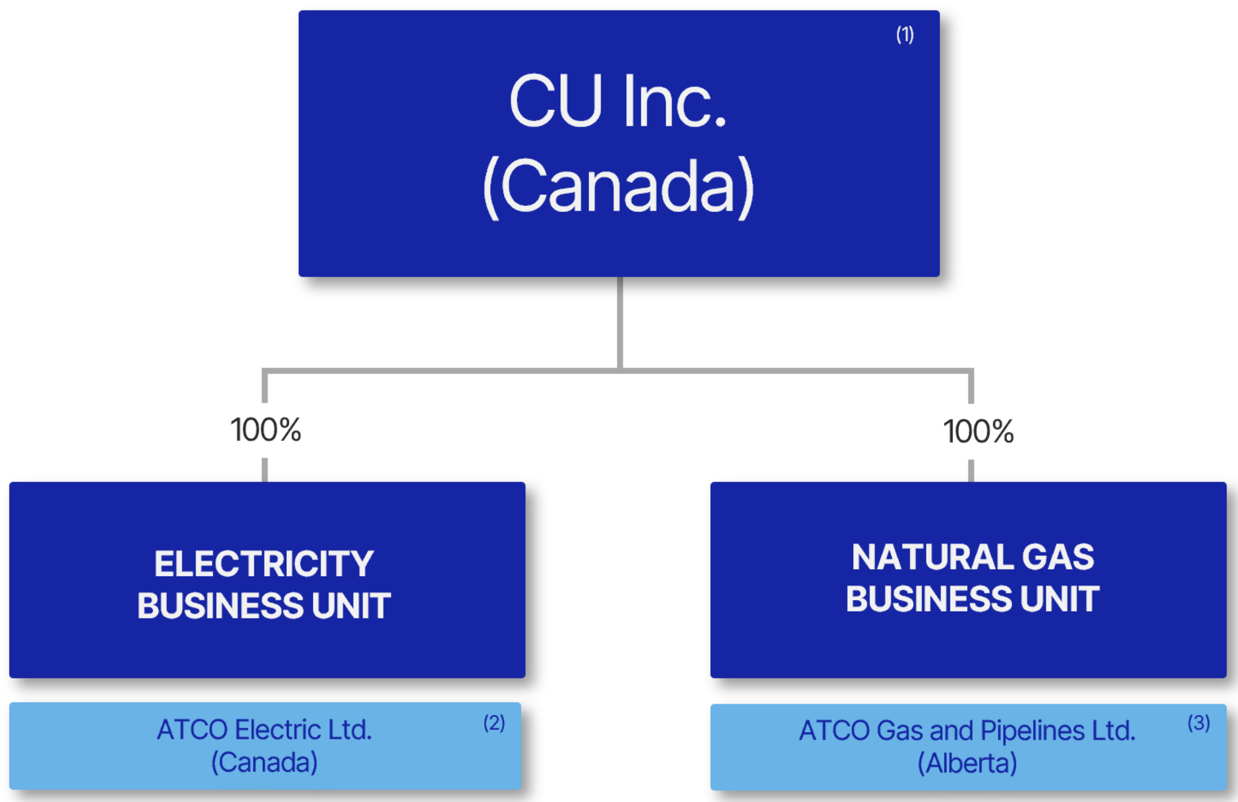
CORPORATE STRUCTURE

CU Inc. was incorporated under the *Canada Business Corporations Act* on March 12, 1999. The address of the head office and registered office of the Company is 4th Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4.

SIMPLIFIED INTERCORPORATE RELATIONSHIPS

CU Inc. is a wholly-owned subsidiary of Canadian Utilities Limited, an ATCO company. CU Inc. is an Alberta-based corporation with 3,597 employees and assets of $20 billion comprised of rate regulated utility operations in electricity and natural gas transmission and distribution (the Utilities). More information about CU Inc. can be found on the Canadian Utilities Limited website at www.canadianutilities.com.

The following chart includes the names of the Company's principal business units, as well as the principal subsidiaries comprising the business units, and the jurisdictions in which they are governed. The chart also shows the percentages of such subsidiaries' shares the Company beneficially owns, controls or directs, either directly or indirectly.



(1) The organizational chart does not include all of the subsidiaries of the Company. The assets and revenues of excluded subsidiaries in the aggregate did not exceed 20 per cent of the total consolidated assets or total consolidated revenues of the Company as at December 31, 2025.

(2) ATCO Electric Ltd. includes Electricity Distribution and Electricity Transmission.

(3) ATCO Gas and Pipelines Ltd. includes Natural Gas Distribution and Natural Gas Transmission.

BUSINESS DESCRIPTION

OVERVIEW

The activities of the Company are conducted through two regulated business units within western and northern Canada: Electricity, which includes Electricity Distribution and Transmission, and Natural Gas, which includes Natural Gas Distribution and Transmission.

The Utilities' value proposition is embedded in its proven ability to: deliver essential energy for an evolving world to satisfy our customers' evolving needs, provide quality of life to a growing population, advance economies and power industry. Our customers need safe, resilient and reliable services balanced with affordability. We safely deliver this reliable and affordable energy by investing to serve the evolving needs of our customers, being a trusted partner, and providing the integral energy infrastructure required for the expanding population and industry.

COMPETITIVE ENVIRONMENT

The majority of our assets are located in Alberta, Canada, where the Utilities' businesses are established and trusted with over 100 years of operations that have involved numerous regulatory and policy changes; this experience provides us an advantage over our peers in the jurisdictions where we operate.

Alberta's energy future is driven by industrial customer and residential population growth over the last few years, evolving regulations, both provincially and federally, and the changing demand for energy infrastructure and growth of both industry and residential customers in our service territories. Collectively, these factors present the Company with a multitude of opportunities, which it is well positioned to pursue.

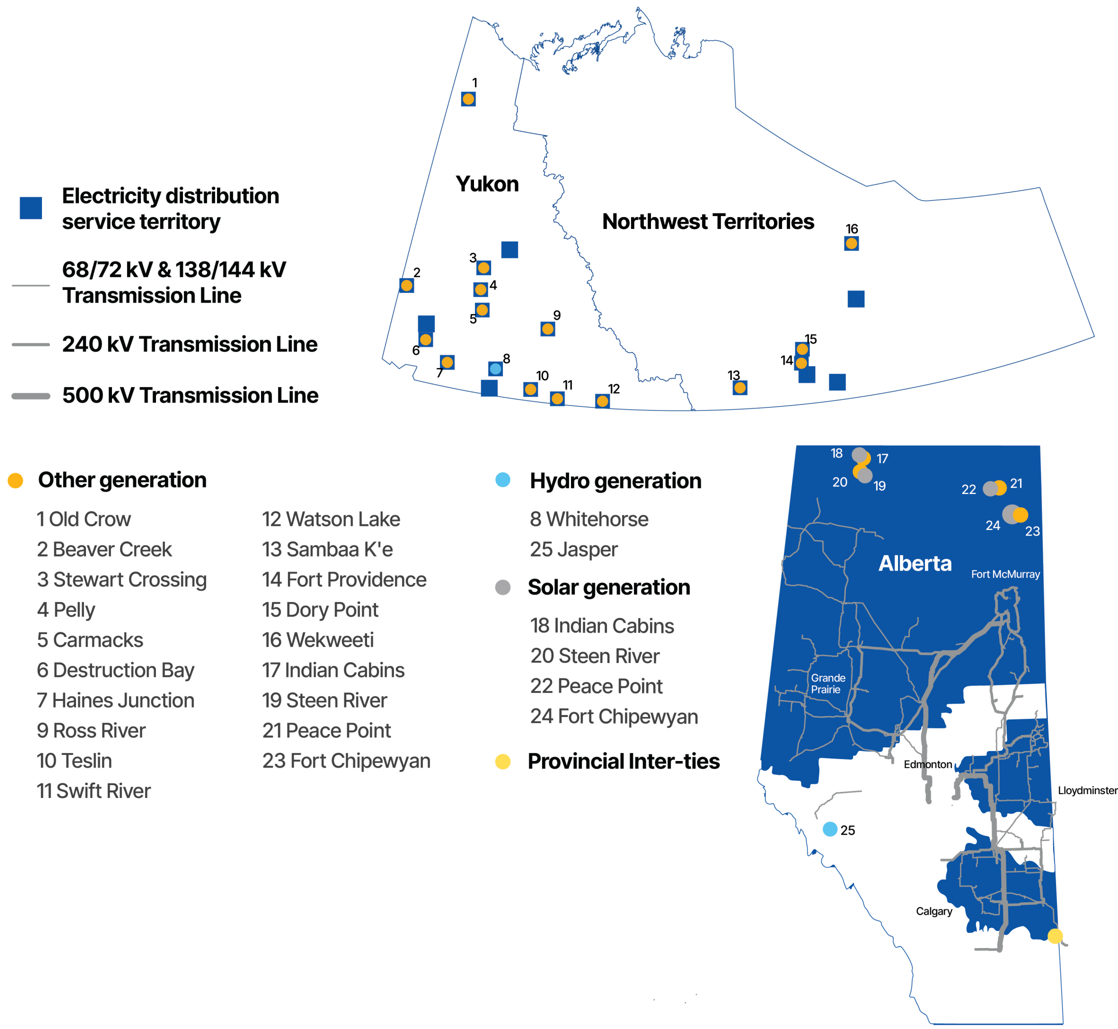
SEASONALITY

Our businesses tend to be cyclical due to the nature of electrical generation and natural gas usage, including the fluctuations of customer demands based on both seasonal patterns and annual weather variation, particularly during the winter heating season. Due to these fluctuations, the annualized individual quarterly revenues and earnings are not indicative of our annual results. For example, Natural Gas Distribution's customer rates are based on a forecast of normal temperatures, and these seasonal patterns may result in more or less revenue being recovered from customers than forecasted. Revenues above or below normal temperatures in the current period are refunded to or recovered from customers in future periods.

ELECTRICITY BUSINESS UNIT

ELECTRICITY DISTRIBUTION AND TRANSMISSION

The following map shows the areas served by Electricity Distribution and Electricity Transmission, as well as the locations of material electricity generation owned or operated by Electricity Distribution and Transmission, in western and northern Canada.



Electricity Distribution and Transmission transmit and deliver electricity to approximately 240 communities and rural areas in northern and central east Alberta. Among those served are the communities of Drumheller, Grande Prairie, and Fort McMurray, as well as areas near Fort McMurray, Cold Lake and Peace River. Electricity utility service is also provided to three communities in Saskatchewan, including Lloydminster. Electricity Distribution and Transmission is headquartered in Edmonton and has 34 offices throughout its service area.

The Yukon Electrical Company Limited (operating as ATCO Electric Yukon (AEY)) serves 19 communities in the Yukon, including the capital city of Whitehorse, and one community in British Columbia. Naka Power Utilities (NWT) Ltd. (Naka) is a joint venture between a subsidiary of the Company and Denendeh Investments Incorporated, which represents the 27 Dene First Nations of the Northwest Territories. Dennendeh Investments Incorporated owns a 51 per cent equity interest. Naka serves eight communities in the Northwest Territories, including the capital city of Yellowknife.

Electricity Distribution and Transmission, AEY and Naka, provide service to approximately 264,000 customers. Electricity Distribution and Transmission have been assigned approximately 65 per cent of the designated service area within Alberta. This service area contains approximately 13 per cent of the provincial electrical load and 12 per cent of the population.

The average monthly number of customers served by Electricity Distribution and Transmission, AEY, and Naka in 2025 and 2024 is shown below.

	2025		2024	
	Number	%	Number	%
Residential	**187,456**	**71**	187,938	71
Commercial	**34,957**	**13**	35,274	13
Industrial	**8,860**	**4**	9,110	4
Rural, REA and other	**32,340**	**12**	32,439	12
Total	**263,613**	**100**	264,761	100

Electricity distributed to the various classes of customers in 2025 and 2024 is shown below.

	2025		2024	
	GWh	%	GWh	%
Residential	**1,381**	**11**	1,366	11
Commercial	**2,289**	**19**	2,318	19
Industrial	**8,305**	**66**	8,187	66
Rural, REA and other	**551**	**4**	525	4
Total	**12,526**	**100**	12,396	100

Electricity Distribution and Transmission, AEY, and Naka own and operate extensive electricity transmission and distribution systems. The systems consist of approximately 11,200-km of transmission lines and approximately 60,200-km of distribution lines. In addition, Electricity Distribution and Transmission deliver power to, and operate approximately 3,400-km of distribution lines owned by Rural Electrification Associations (REA).

Electricity Distribution and Transmission, AEY, and Naka distribute electricity to incorporated communities under the authority of franchises or by-laws. In rural areas, electricity is distributed by approvals, permits or orders under applicable statutes.

The franchises under which service is provided in incorporated communities in Alberta and the Northwest Territories have been granted for up to 20 years. These franchises are exclusive to Electricity Distribution and Transmission and Naka, and are renewable by agreement. If any franchise is not renewed, it remains in effect until either party, with the approval of the regulatory authority, terminates it on six months written notice.

On termination of a franchise, the municipality may purchase the facilities used under that franchise at a price to be agreed on or, failing agreement, to be determined by the regulatory authority. The franchise under which service is provided in the Yukon was granted under the *Public Utilities Act* (Yukon) and has no set expiry date.

Under the *Electric Utilities Act* (Alberta) (EUA), wholesale tariffs for electricity transmission must be approved by the Alberta Utilities Commission (AUC). Transmission tariffs allow any owner of a generating unit to access the Alberta transmission system and thus facilitate the sale of its power. The same transmission tariff is charged to each distribution utility or customer directly connected to the transmission system, regardless of location.

Transmission costs are equalized by having each owner of transmission facilities charge its costs to the Alberta Electric System Operator (AESO). The AESO then aggregates these costs and charges a common transmission rate to all transmission system users.

The Transmission Regulation under the EUA stipulates that new transmission projects will be assigned to transmission facility owners based on the service areas of the distribution companies they have been historically affiliated with. Facilities ownership will change at service area boundaries, except where, in the AESO's opinion, only a small portion of the project is in another service area. This rule applies to all transmission projects except inter-provincial inter-tie projects and those deemed "critical" by the Government of Alberta.

Alberta PowerLine

CU Inc. is the operator of Alberta PowerLine Limited Partnership (APL) under a 35-year contract ending in 2054. APL owns a 500-km, 500-kV electricity transmission line running from Wabamun, Alberta to Fort McMurray, Alberta. APL is 60 per cent owned by TD Asset Management Inc. for and on behalf of TD Greystone Infrastructure Fund (Global Master) L.P., and IST3 Investment Foundation acting on behalf of its investment group IST3 Infrastruktur Global. The other 40 per cent is owned by seven Indigenous communities in Alberta: Athabasca Chipewyan First Nation, Bigstone Cree Nation, Gunn Metis Local 55, Mikisew Cree First Nation, by way of its business arm, the Mikisew Group of Companies, Paul First Nation, Sawridge First Nation and Sucker Creek First Nation.

Electricity Generation

Hydroelectric, Solar Generation and Diesel

Electricity Distribution and Transmission owns or operates 2 hydroelectric plants, 12 solar sites, 20 diesel-generating plants and 8 mobile generating units, with an aggregate nameplate capacity of 35-MW in Alberta, the Yukon and Northwest Territories.

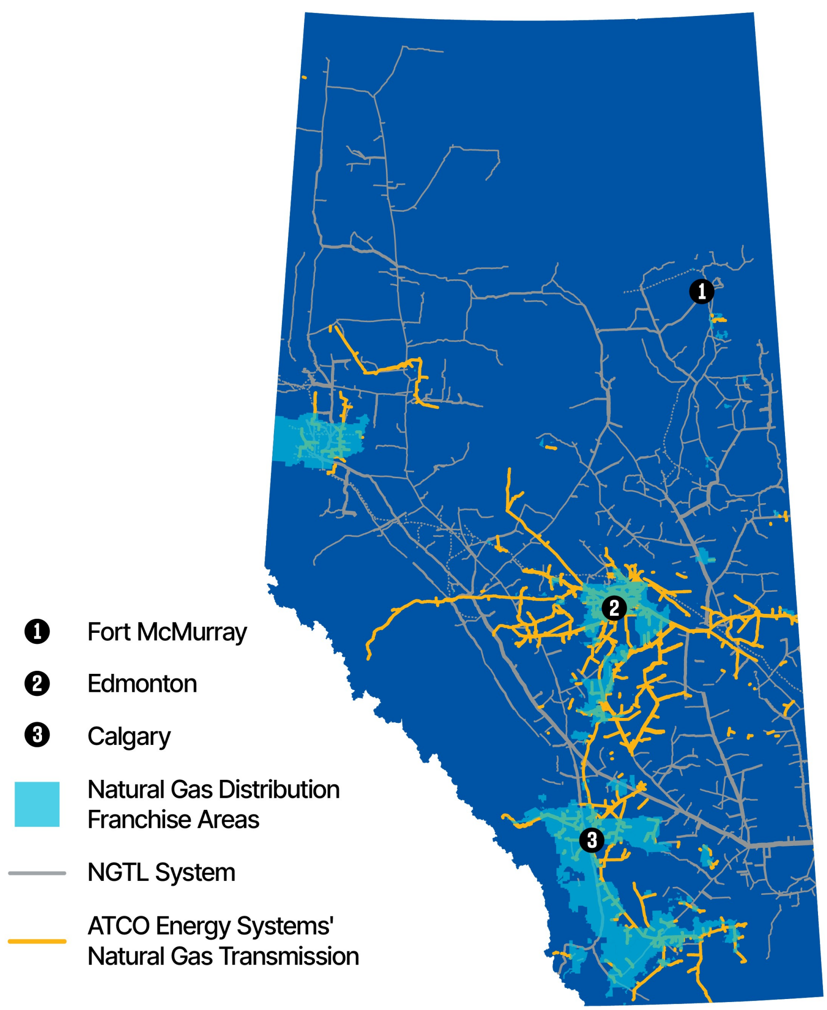
The hydroelectric assets include one facility in Whitehorse, Yukon, that generates 1.4-MW of hydroelectric power. The solar sites in Alberta include rooftop and ground mounted solar sites, including the Fort Chipewyan Solar Project, the largest off-grid solar project in Canada, and Old Crow Solar project, the most northerly off-grid solar project in Canada. The diesel sites are spread throughout the Yukon, Northwest Territories and Alberta and serve remote communities that are not connected to the grid.

Electricity Distribution and Transmission continue to advance their strategy to support renewable energy generation and delivery while supporting their customers' energy needs.

Electric Vehicle Input Charging Stations

Electric vehicle (EV) fast charging stations provide end-users an opportunity to replace liquid fuel with a low-carbon emitting energy. To date, a total of 29 public fast EV charging stations have been installed.

NATURAL GAS BUSINESS UNIT



NATURAL GAS DISTRIBUTION

Natural Gas Distribution delivers natural gas throughout Alberta and in the Lloydminster area of Saskatchewan and serves approximately 1.3 million customers in 302 communities.

Natural Gas Distribution's principal markets for distributing natural gas are in the Alberta communities of Edmonton, Calgary, Airdrie, Cochrane, Fort McMurray, Grande Prairie, Lethbridge, Red Deer, Spruce Grove, St. Albert and Sherwood Park. Approximately 76 per cent of Natural Gas Distribution's customers are located in these 11 communities in 2025. The remaining customers were located in 291 smaller and rural communities.

The average monthly number of customers served by Natural Gas Distribution in 2025 and 2024 is shown below.

	2025		2024	
	Number	%	Number	%
Residential	**1,231,334**	**92**	1,206,668	92
Commercial	**104,878**	**8**	104,913	8
Industrial	**345**	**—**	341	—
Other	**675**	**—**	697	—
Total	**1,337,232**	**100**	1,312,619	100

The quantity of natural gas distributed by Natural Gas Distribution in 2025 and 2024 is shown below.

	2025		2024	
	PJ	%	PJ	%
Residential	**123.8**	**46**	124.0	46
Commercial	**129.6**	**48**	130.3	48
Industrial	**16.8**	**6**	16.6	6
Other	**0.2**	**—**	0.2	—
Total	**270.4**	**100**	271.1	100

Natural Gas Distribution owns and operates approximately 42,100-km of distribution mains. It also owns service and maintenance facilities in major centres in Alberta.

Natural Gas Distribution delivers natural gas in Alberta municipalities under franchise agreements, and in rural areas under approvals, permits, or orders issued pursuant to applicable statutes. Natural Gas Distribution is currently party to 169 gas distribution franchise agreements with municipalities throughout Alberta. A franchise agreement grants Natural Gas Distribution the exclusive right to distribute natural gas within all, or part of, a municipality. It also authorizes the use of municipal property for the construction and operation of the gas distribution system. In return, municipalities are assured that safe, reliable utility service will be provided to customers. The municipality also could receive a franchise fee (in consideration for the exclusivity provided and historically in lieu of property tax) of up to 35 per cent of revenues derived from delivering gas to the municipality.

Franchise agreements typically run for 10 to 20 years, with the 20-year maximum being established by Alberta's *Municipal Government Act*. When the term of a gas franchise agreement expires, the agreement continues in effect until it is renewed or until either party, with regulatory approval, terminates it on six months' written notice. Upon termination, the municipality has the right to purchase the gas distribution system at a mutually agreed price, or, failing agreement, at a price determined by the regulatory authority.

In Calgary and Edmonton, the distribution of natural gas is carried out under 20-year franchise agreements, the terms of which will expire on February 28, 2045, and July 30, 2030, respectively.

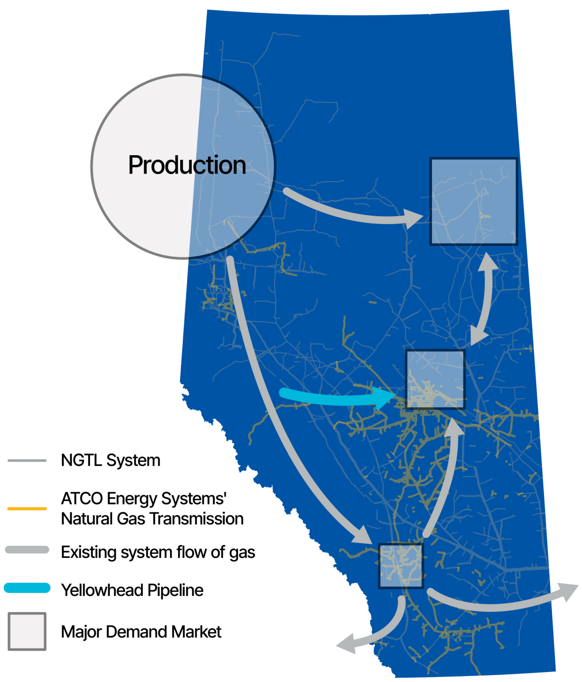
NATURAL GAS TRANSMISSION

Natural Gas Transmission owns and operates natural gas transmission pipelines and facilities in Alberta. The business receives natural gas on its pipeline system from various gas processing plants as well as from connections with other natural gas transmission systems. The business transports the gas to end users within the province such as local distribution utilities and industrial customers, or to other transmission pipeline systems, primarily for export out of the province. Natural Gas Transmission's assets are strategically positioned to support industrial activities, generation assets and the growing population, within Alberta and beyond while capitalizing on the demand and production growth of natural gas.

Natural Gas Transmission owns and operates an extensive natural gas transmission system. The system currently consists of approximately 9,500-km of pipelines, 11 compressor sites, approximately 3,600 receipt and delivery points, and a salt cavern natural gas storage peaking facility near Fort Saskatchewan, Alberta. The system has 165 producer receipt points, 101 interconnections with Nova Gas Transmission Ltd. (NGTL), one interconnection with Alliance Pipeline, and one interconnection with Many Islands Pipelines. Peak delivery capability of the natural gas transmission system is 5.13 billion cubic feet per day.

The Company is focused on successfully executing essential capital projects that create value and facilitate economic growth, including the Yellowhead Pipeline Project (Yellowhead), while safely delivering reliable and affordable energy to our customers. The largest capital project for the Company to date, Yellowhead will strategically expand the capacity of Alberta's highly integrated natural gas transmission system and remove constraints within the pipeline networks that serve the major economic engines for the province.

Spanning just over 235 kilometres from the Peers area to Fort Saskatchewan, Yellowhead is expected to deliver more than 1,200 terajoules (1.1 billion cubic feet) of natural gas per day, underpinning economic and population growth within the province.



The integrated relationship between NGTL and Natural Gas Transmission supports growth in Alberta through a coordinated, province-wide natural gas transmission system. The companies entered into the Alberta System Integration Agreement in 2009, which allows them to utilize their respective physical assets under a single, harmonized rates and services structure with a unified commercial interface for Alberta customers.

Under this integrated model, Natural Gas Transmission owns and operates its pipeline facilities as a prudent operator, exclusively for the Alberta system, while NGTL manages system design and decides on new pipeline needs. As part of the agreement, NGTL acts as the sole contractual counterparty for Alberta customers, providing a single point of contact for contracting, tolls, and services. The agreement applies to both parties' Alberta natural gas transmission assets and eliminates duplicate tolling and operational activities, resulting in greater efficiency and streamlined regulatory processes.

This coordinated approach makes it easier to bring new natural gas production online, supply growing industrial and power generation demand, and justify new infrastructure investments across the province.

REGULATORY INFORMATION

The regulatory framework and recent developments are described in the "Regulatory Information" section in CU Inc.'s MD&A, which is incorporated herein by reference. The MD&A may be found on SEDAR+ at www.sedarplus.ca.

THREE YEAR HISTORY

Summarized below are the major events, acquisitions, dispositions, and conditions that have influenced the Company's development during the past three years.

REVENUE SUMMARY

Each business unit's contribution to the Company's consolidated revenues is shown in the chart below.

Revenues [1]	2025		2024		2023	
	($ millions)	*%*	*($ millions)*	*%*	*($ millions)*	*%*
Electricity	**1,420**	**46**	1,395	46	1,397	48
Natural Gas	**1,673**	**54**	1,655	54	1,542	52
Financing & Other and Intersegment Eliminations	**(13)**	**—**	(7)	—	(8)	—
Total	**3,080**	**100**	3,043	100	2,931	100

(1) Data has been extracted from Note 3 ("Segmented Information") of the 2025 Consolidated Financial Statements which are prepared in accordance with International Financial Reporting Standards (IFRS). The reporting currency is the Canadian dollar.

Revenues and earnings in the Utilities are driven by capital expenditures. Capital spending is the main contributor to rate base growth. Rate base growth is a primary driver of revenue and earnings growth. The Utilities have invested $3.9 billion in capital since 2023.

The Utilities' revenues have been positively impacted over the last three years mainly due to growth in rate base. However, throughout the last three years, revenues have been influenced by several regulatory decisions. Following the annual update of the AUC approved return on equity (ROE) formula, 2025 ROE was set at 8.97 per cent compared to the 2024 rate of 9.28 per cent. In 2025, revenues were offset by the completion of the Efficiency Carryforward Mechanism funding of up to 0.5 per cent additional ROE for Electricity Distribution and Natural Gas Distribution that had positively impacted revenues in 2023 and 2024. Additionally, higher revenues in 2025 were partially offset by the commencement of refunds of $35 million and $36 million to the customers of Electricity Distribution and Natural Gas Distribution, respectively, over the September 1, 2025 to February 28, 2026 period, resulting from the AUC's PBR2 re-opener Phase II Decision rendered in the second quarter of 2025. The Company has been granted leave to appeal this decision by the Alberta Court of Appeal, which will hear the appeal in April 2026.

ELECTRICITY BUSINESS UNIT

CAPITAL EXPENDITURES

Total capital expenditures for Electricity in the last three years is provided in the table below.

				Year Ended December 31
($ millions)	**Total**	**2025**	**2024**	**2023**
Electricity Distribution	1,239	**393**	455	391
Electricity Transmission	816	**271**	306	239
Total	2,055	**664**	761	630

Capital expenditures in utility infrastructure over the past three years have included system upgrades and growth projects for new customers, including the Central East Transfer Out (CETO) project in Electricity Transmission, the replacement of aging infrastructure, grid modernization, and off-diesel initiatives.

CENTRAL EAST TRANSFER OUT PROJECT

In 2024, Electricity Transmission began construction of the CETO project, an electric transmission system project direct assigned to both ATCO Electric and AltaLink LP by the AESO. Electricity Transmission is building 85-km of the transmission line and AltaLink is constructing the remaining 50-km. The construction of the 135-km 240kV transmission line will support renewable energy integration in Alberta and transport electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500-MW of electricity to Alberta’s grid.

Electricity Transmission completed the winter season construction in the first quarter of 2025, and progressed substation tendering for civil, structural and electrical works and began fall season construction in the third quarter of 2025. Electricity Transmission's 85-km of the transmission line is on track to be energized by June 2026 with an approximate $255 million project spend.

NATURAL GAS BUSINESS UNIT

CAPITAL EXPENDITURES

Total capital expenditures for Natural Gas in the last three years is provided in the table below.

			Year Ended December 31	
($ millions)	**Total**	**2025**	**2024**	**2023**
Natural Gas Distribution	1,205	**443**	407	355
Natural Gas Transmission	668	**292**	231	145
Total	1,873	**735**	638	500

Capital expenditures in Natural Gas Distribution and Transmission over the past three years have been focused on system upgrades and growth projects for new customers, including Yellowhead Pipeline Project (Yellowhead) in 2025. Capital expenditures also included the replacement of aging infrastructure, such as the Urban Pipelines Replacement Program and the Mains Replacement Program.

YELLOWHEAD PIPELINE PROJECT

Yellowhead, the largest capital project the Company has embarked on, consists of approximately 235 kilometres of high-pressure natural gas pipeline with the projected spend estimated at $2.9 billion, a Class III estimate with an expected accuracy of +/-20 per cent, is 100 per cent contracted with customers, and is on track for construction to commence in 2026, subject to both AUC and corporate approvals. In the third quarter of 2025, the AUC approved the Need Assessment Application for the project. As one of two key regulatory filings that require approval from the AUC to advance, this approval marks a major milestone in the development of Alberta's energy infrastructure. A separate facility application was filed on November 4, 2025 to seek AUC approval for construction and operation of the physical infrastructure.

MAINS REPLACEMENT PROGRAM

Natural Gas Distribution has two mains replacement programs which were approved in 2011, the plastic mains replacement and the steel mains program. The plastic mains replacement includes 8,000-km of polyvinyl chloride (PVC) and early generation polyethylene (PE) pipe that are planned for replacement. Natural Gas Distribution has replaced 2,988-km of PVC and PE pipe since the approval of this program. The steel mains program includes 9,000-km of steel pipe that is monitored and continually evaluated for replacement based on the performance history. Natural Gas Distribution has replaced 417-km of steel pipe since the approval of this program.

OTHER

IMPAIRMENTS

In 2025, the Alberta Utilities recorded asset impairments of $42 million (after-tax). These impairments are mainly related to certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations being considered by the Government of Alberta, and certain electricity generation assets in Electricity Transmission which are no longer in service.

FINANCING & OTHER

EXECUTIVE APPOINTMENTS AND RETIREMENTS

On January 19, 2024, the Company announced the retirement of Executive Vice President and Chief Financial Officer, Brian P. Shkrobot, effective March 1, 2024. Katherine-Jane Patrick, Executive Vice-President, Chief Financial & Investment Officer, ATCO, expanded her portfolio to include Chief Financial Officer for Canadian Utilities and CU Inc. effective March 1, 2024.

Effective January 31, 2025, following an impressive 35-year global career at ATCO, Wayne K. Stensby, Chief Operating Officer, ATCO Energy Systems retired.

Effective February 1, 2025, Robert J. Myles was appointed to the role of President & Chief Operating Officer, Canadian Utilities, Ms. Patrick's title was amended to Executive Vice President, Chief Financial & Investment Officer, and D. Jason Sharpe was appointed as Chief Operating Officer, ATCO Energy Systems. Ms. Patrick's title remains Executive Vice President & Chief Financial Officer at CU Inc.

Effective May 1, 2025, Wayne D. O'Connor was appointed Executive Vice President & Chief Regulatory Officer.

Effective May 8, 2025, the Board of Directors appointed Nancy Southern as Executive Chair and Robert J. Myles as Chief Executive Officer.

EMPLOYEE INFORMATION

At December 31, 2025, the Company had 3,597 employees; 1,531 in Electricity, 1,888 in Natural Gas, and 178 employees in Financing & Other.

SPECIALIZED SKILLS AND KNOWLEDGE

CU Inc. requires a wide range of talent to continue to operate at world-class levels. Each of our business units are required to develop and retain a skilled workforce for their operations. Many of our employees possess specialized skills and training and the Company must compete in the marketplace for these workers. As part of our people resourcing and management strategy, we believe in investing in our people by promoting and supporting their development. We also complete succession and development planning annually with a significant focus on critical roles and skills while providing leadership and individual development programs. Further details about workforce retention are discussed in the "Business Risks and Risk Management" section of the Company's MD&A.

ETHICS, SOCIAL AND ENVIRONMENTAL POLICIES

Throughout the ATCO group of companies, including CU Inc., our Code of Ethics sets out the behaviours and standards of conduct we expect of ourselves and each other. It provides an overview of the policies and practices that must be followed by anyone who works for, or represents, the ATCO group of companies. The Code of Ethics is readily accessible on our intranet and on our website at www.atco.com. Employees are required to complete online training – available in English, French and Spanish – and certification, annually. Suppliers who conduct activities for, or on behalf of, the ATCO group of companies are expected to review the Code of Ethics and align with the principles and guidance it provides.

Along with the Code of Ethics, the Company has developed several policies which set out the principles, expectations and requirements for conducting business at ATCO and they create a framework for our internal standards, guidelines and procedures. The policies also align with externally mandated standards that may apply to specific business functions. Our governance framework provides flexibility to our business units to develop internal standards, guidelines and procedures which meet our different business needs. Examples of policies developed include those related to a Safe & Secure Workplace (mitigating risks and minimizing harm), Anti-Corruption (dealing with persons of influence), the Environment (delivering services in an environmentally responsible manner), Indigenous Relations (building and maintaining positive and sustainable relationships), and Procurement (working with vendors with high standards of ethical business conduct).

Our Code of Ethics is reviewed and updated on a regular basis. In prior years, updates have included explicitly prohibiting the use of modern slavery within any ATCO business activities to align with the Fighting Against Forced Labour and Child Labour in Supply Chains Act. At the ATCO group of companies, our approach to human rights is based on the United Nations (UN) Universal Declaration of Human Rights and we respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.

ENVIRONMENTAL PROTECTION

We recognize the importance of minimizing our environmental footprint and implementing policies and procedures that promote environmental protection.

The Company and its subsidiaries are subject to applicable environmental laws and regulations, including those set forth by federal, provincial, and local authorities. This includes, but is not limited to, regulations concerning air, water, and soil quality; the discharge of pollutants; the transportation and disposal of waste; and the protection of flora, fauna, and natural resources such as forests, grasslands, surface water, threatened or endangered species, migratory birds, and human health.

Our environmental policies and operating procedures are intended to achieve compliance with such applicable environmental laws and regulations. Our businesses have established Environmental Management Systems that align with international standards such as ISO 14001, and are designed to identify, manage, and mitigate environmental risks associated with our operations. These systems are adaptive and evolve in response to the changing nature of the Company’s business risks and objectives.

Our risk reporting processes include key risk indicators (including health, safety, and environmental matters) that are reported to the Audit Committee of the Board. This is an opportunity for the businesses to discuss how they are managing and mitigating risks to their business.

Environmental protection requirements did not have a significant financial or operational effect on the Company’s capital expenditure, earnings, or competitive position for the year ended December 31, 2025.

SUSTAINABILITY

Sustainability is described in the "Sustainability" section in CU Inc.'s MD&A, which is incorporated herein by reference. The MD&A may be found on SEDAR+ at www.sedarplus.ca. The 2025 Sustainability Report will be published in May 2026.

POLICY AND REGULATORY UPDATES

Policy and regulatory updates are described in the "Policy and Regulatory Updates" section in CU Inc.'s MD&A, which is incorporated herein by reference. The MD&A may be found on SEDAR+ at www.sedarplus.ca.

BUSINESS RISKS AND RISK MANAGEMENT

Business risks are described in the "Business Risks and Risk Management" section in CU Inc.'s MD&A, which is incorporated herein by reference. The MD&A may be found on SEDAR+ at www.sedarplus.ca.

INTANGIBLES

The Company's intangible assets mainly consist of computer software not directly attributable to the operation of property, plant and equipment, and land rights. We do not consider any individual software or land right to be material to our operations.

For further details, please refer to Note 11 of the 2025 Consolidated Financial Statements.

DIVIDENDS

Cash dividends declared during the past three years for all series and classes of shares were as follows.

(Canadian dollars per share)	Date of Issue	2025	2024	2023
Series Preferred Shares				
Series 1	Apr 18, 2007	**1.15**	1.15	1.15
Series 4	Dec 2, 2010	**0.57**	0.57	0.57
Class A shares and Class B shares		**44.98**	41.51	45.82

CAPITAL STRUCTURE

SHARE CAPITAL

The share capital of the Company at March 30, 2026 is as shown below.

Share Description	Authorized	Outstanding
Series Preferred Shares	Unlimited	7,600,000
Class A shares	Unlimited	3,570,322
Class B shares	Unlimited	2,188,262

All of the Class A and Class B shares are owned by Canadian Utilities Limited.

SERIES PREFERRED SHARES

An unlimited number of Series Preferred Shares are issuable in series, each series consisting of such number of shares and having such provisions attaching thereto as may be determined by the directors. The Series Preferred Shares as a class have, among others, provisions to the following effect:

i. The Series Preferred Shares are, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, entitled to preference over the Class A shares and the Class B shares and any other shares of the Company ranking junior to the Series Preferred Shares. The Series Preferred Shares may also be given such other preference over the Class A shares and the Class B shares and any other junior shares as may be determined for any series authorized to be issued.

ii. The owners of the Series Preferred Shares are not entitled as such (except as provided in any series) to any voting rights nor to receive notice of or to attend share owners' meetings unless dividends on the Series Preferred Shares of any series are in arrears to the extent of eight quarterly dividends or four half-yearly dividends, as the case may be, whether or not consecutive. Until all arrears of dividends have been paid, such owners will be entitled to receive notice of and to attend all share owners' meetings at which directors are to be elected (other than separate meetings of owners of another class of shares) and to one vote in respect of each Series Preferred Share held.

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

The following Series Preferred Shares are currently outstanding:

	Stated Value	Shares	Amount *($ millions)*
Series Preferred Shares:			
4.60% Series 1	$25.00	4,600,000	115
2.29% Series 4	$25.00	3,000,000	75
		7,600,000	190

SERIES PREFERRED SHARE REDEMPTION

Series 1 Preferred Shares

The Series 1 Preferred Shares became redeemable at the option of the Company beginning on June 1, 2012 at the stated value plus a 4 per cent premium per share for the following 12 months plus accrued and unpaid dividends. The redemption premium declined by 1 per cent in each succeeding 12-month period until June 1, 2016.

Series 4 Preferred Shares

The Series 4 Preferred Shares became redeemable at the option of the Company on June 1, 2016, and are redeemable on June 1 of every fifth year thereafter at the stated value per share plus accrued and unpaid dividends. If not redeemed, owners may elect to convert any or all of their Series 4 Preferred Shares into an equal number of Cumulative Redeemable Preferred Shares Series 5 on June 1, 2026, and on June 1 of every fifth year thereafter. Owners of the Series 5 Preferred Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board, payable quarterly at a rate equal to the then current 3-month Government of Canada Treasury Bill yield plus 1.36 per cent. On June 1, 2026, and on June 1 of every fifth year thereafter (Series 5 Conversion Date), holders of the Series 5 Preferred Shares may elect to convert any or all of their Series 5 Preferred Shares back into an equal number of Series 4 Preferred Shares. The Company may redeem the Series 5 Preferred Shares in whole or in part at $25.00 on a Series 5 Conversion Date or at $25.50 on any other date.

CLASS A SHARES AND CLASS B SHARES

The owners of the Class A shares and the Class B shares are entitled to share equally, on a share-for-share basis, in all dividends declared by the Company on either of such classes of shares as well as the remaining property of the Company upon dissolution. The owners of the Class B shares are entitled to vote and to exchange at any time each share held for one Class A share.

If a qualifying offer to purchase Class B shares is made to all, or substantially all owners of Class B shares, and such offer is not made concurrently to owners of Class A shares, then owners of Class A shares have the ability to convert their Class A shares into Class B shares on a one-for-one basis which Class B shares will, as a result of such conversion, be automatically tendered to the offer. Any converted for Class B shares shall be automatically converted back into Class A shares on a one-for-one basis if the owner withdraws the conversion during the term of the offer or pursuant to the terms of the offer such converted for Class B shares are not taken up.

PREFERRED SHARE RESTRICTIONS ON DIVIDEND DISTRIBUTIONS

The Company’s articles contain provisions for each series of preferred shares that would restrict the declaration or payment of dividends on Class A shares or Class B shares, or any other series of preferred shares ranking junior, unless all outstanding dividends up to and including the dividends payable on the last respective dividend payment date have been paid or set apart for payment.

LONG-TERM DEBT

In September 2025, CU Inc. issued $370 million of 4.787 per cent debentures maturing on September 16, 2055. The proceeds from the issuance were used to finance capital expenditures, repay existing indebtedness, and for other general corporate purposes.

In 2025, the Company borrowed $65 million from its $155 million non-revolving unsecured amortizing credit facility to support the construction of CETO within the Electricity Transmission business. The fixed interest rate is set at 2.17 per cent, and quarterly repayments, which will commence once the project reaches commercial operations, are expected to continue until June 30, 2056.

Details with respect to the issued and outstanding long-term debt can be found in Note 12 of the 2025 Consolidated Financial Statements. These debentures are not listed or quoted on any exchange. The Consolidated Financial Statements may be found on SEDAR+ at www.sedarplus.ca.

CREDIT FACILITIES

At December 31, 2025, CU Inc. and its subsidiaries had the following lines of credit.

($ millions)	Total	Used	Available
Long-term committed	**900**	125	775
Uncommitted	**100**	56	44
Total	**1,000**	181	819

Of the $1,000 million in total lines of credit, $100 million was in the form of uncommitted credit facilities with no set maturity date. The other $900 million in credit lines was committed, with maturities between 2027 and 2028, and may be extended at the option of the lenders. The majority of the credit lines are provided by Canadian banks. Details with respect to the credit facilities can be found in Note 12 of the 2025 Consolidated Financial Statements. The Consolidated Financial Statements may be found on SEDAR+ at www.sedarplus.ca.

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The ratings indicate the likelihood of payment and an issuer's capacity and willingness to meet its financial commitment on an obligation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the credit rating organization.

As is customary, the Company makes payments to the credit ratings organizations for the assignment of ratings as well as other services. The Company expects to make similar payments in the future.

Credit ratings are important to the Company's financing costs and ability to raise funds. The Company intends to maintain strong investment grade credit ratings in order to provide efficient and cost-effective access to funds required for operations and growth.

The following table shows the current credit ratings assigned to CU Inc.

	DBRS	Fitch
CU Inc.		
Issuer	A (high)	A-
Senior unsecured debt	A (high)	A
Commercial paper	R-1 (low)	F2
Preferred shares	PFD-2 (high)	BBB+

On July 23, 2025, DBRS Limited affirmed its 'A (high)' long-term corporate credit rating and stable outlook on CU Inc.

On October 27, 2025, Fitch Ratings affirmed its 'A-' issuer rating with a stable outlook on CU Inc.

ISSUER CREDIT RATINGS AND LONG-TERM DEBT

An 'A' issuer rating by DBRS is the third highest of ten categories. An issuer rated 'A' is of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than 'AA'. A-rated issuers may be vulnerable to future events, but qualifying negative factors are considered manageable. Each rating category other than 'AAA' and 'D' contains the subcategories 'high' and 'low'. The absence of either a 'high' or 'low' designation indicates the rating is in the 'middle' of the category.

An 'A' rating by Fitch is the third highest of eleven categories. An 'A' rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. For ratings 'AA' through 'CCC' levels Fitch may use modifiers, a plus or a minus sign may be appended to a rating to denote relative status within major rating categories, indicating relative differences of probability of default or recovery for issues.

COMMERCIAL PAPER AND SHORT-TERM DEBT CREDIT RATINGS

An 'R-1 (low)' rating by DBRS is the lowest subcategory in the highest of six categories and is granted to short-term debt of good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favourable as higher rating subcategories and may be vulnerable to future events, but qualifying negative factors are considered manageable. Rating categories 'R-1' and 'R-2' are denoted by the subcategories 'high', 'middle', and 'low'.

An 'F2' rating by Fitch is the second highest of seven categories. 'F2' indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. However, the margin of safety is not as great as in the case of the higher ratings.

PREFERRED SHARE CREDIT RATINGS

A 'PFD-2' rating by DBRS is the second highest of six categories granted by DBRS. Preferred shares rated in this category are generally of good credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as 'PFD-1' rated companies. Each rating category is denoted by the subcategories 'high' and 'low'. The absence of either a 'high' or 'low' designation indicates the rating is in the 'middle' of the category.

A 'BBB' rating by Fitch is the fourth highest of eleven categories. A 'BBB' rating indicates that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. For ratings 'AA' through 'CCC' levels Fitch may use modifiers, a plus or a minus sign may be appended to a rating to denote relative status within major rating categories, indicating relative differences of probability of default or recovery for issues.

MARKET FOR SECURITIES OF THE COMPANY

The Company's Cumulative Redeemable Preferred Shares Series 1 and Series 4 are listed on the Toronto Stock Exchange (TSX).

The following table sets forth the high and low prices and volume of the Company's shares traded on the TSX under the symbols CIU.PR.A for Series 1 shares and CIU.PR.C for Series 4 shares, during 2025.

			Series 1			Series 4
2025	**High ($)**	**Low ($)**	**Volume**	**High ($)**	**Low ($)**	**Volume**
January	$20.10	$19.06	26,708	$15.80	$15.19	84,500
February	$19.88	$19.46	34,906	$15.45	$15.05	46,500
March	$20.01	$19.42	67,432	$15.49	$14.10	280,780
April	$19.99	$18.56	32,777	$14.70	$14.12	28,891
May	$19.65	$18.80	28,615	$14.85	$14.12	64,533
June	$19.66	$19.34	60,099	$16.00	$15.19	27,372
July	$20.50	$19.50	67,775	$16.95	$16.08	91,554
August	$20.78	$20.06	360,867	$16.94	$16.40	28,420
September	$22.48	$20.56	81,842	$16.86	$16.65	39,587
October	$21.50	$20.80	64,729	$17.25	$16.51	240,800
November	$21.91	$20.70	112,148	$17.30	$17.05	8,300
December	$21.34	$20.75	32,214	$18.45	$17.16	207,711

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS [1]

Name, Province or State and Country of Residence	Position	Position Held and Principal Occupation	Director Since
Loraine M. Charlton [2] Alberta, Canada	Director	Corporate Director	2008
Robert J. Hanf [2] Alberta, Canada	Director	Corporate Director	2025
Nancy C. Southern Alberta, Canada	Executive Chair Director	Chair & Chief Executive Officer, ATCO Ltd. Executive Chair, Canadian Utilities Limited	1999
Linda A. Southern-Heathcott Alberta, Canada	Vice Chair & Director	Chair, President & Chief Executive Officer of Spruce Meadows Ltd.	2017
Roger J. Urwin [2] London, England	Director	Corporate Director	2025

(1) All directors hold office until their successors are elected or appointed on an annual basis.

(2) Member of the Audit Committee.

EXECUTIVE OFFICERS (IN ALPHABETICAL ORDER)

Name, Province or State and Country of Residence	Position Held and Principal Occupation
Kyle M. Brunner Alberta, Canada	Senior Vice President, General Counsel & Corporate Secretary
Colin R. Jackson Alberta, Canada	Senior Vice President, Financial Operations
Robert J. Myles Alberta, Canada	Chief Executive Officer
Wayne D. O'Connor Alberta, Canada	Executive Vice President & Chief Regulatory Officer
Katherine-Jane Patrick Alberta, Canada	Executive Vice President & Chief Financial Officer
Rebecca A. Penrice Alberta, Canada	Executive Vice President, Chief Administration Officer
D. Jason Sharpe Alberta, Canada	Chief Operating Officer, ATCO Energy Systems
Nancy C. Southern Alberta, Canada	Executive Chair

POSITIONS HELD BY EXECUTIVE OFFICERS WITHIN THE PRECEDING FIVE YEARS

All of the executive officers have been engaged for the last five years in the indicated principal occupations, or in other capacities with the companies or firms referred to, or with their affiliates or predecessors, except for Mr. Brunner and Mr. O'Connor:

- Mr. Brunner was appointed as Vice President, Corporate Secretary in September 2021 and was later promoted to Senior Vice President, General Counsel & Corporate Secretary in November 2022. Prior to joining the Company, he was Vice President, General Counsel & Corporate Secretary at Seven Generations Energy Ltd. Mr. Brunner was with Seven Generations from February 2015 to April 2021.

- Mr. O'Connor joined the Company as Executive Vice President & Chief Regulatory Officer in May 2025. Prior to joining the Company, he was President and Chief Executive Officer at Creative Energy from July 2022 to 2025 and was President and Chief Executive Officer at ENMAX Corporation from 2020 through 2021.

DIRECTORS' AND EXECUTIVE OFFICERS' INTEREST IN THE COMPANY

Except as otherwise stated under the heading "Voting Securities and Principal Holder Thereof", at December 31, 2025, none of the Company's directors and executive officers, as a group, beneficially owned, or controlled or directed, directly or indirectly, by corporate holdings or otherwise, any of the outstanding Class B shares of the Company.

EXECUTIVE COMPENSATION

Refer to Appendix 1 for the Compensation Discussion and Analysis.

DIRECTORS' COMPENSATION

In 2025, non-employee directors of the Company were paid annual retainers for acting as directors as shown in the table below.

Directors	Annual Retainer	Audit Member	Audit Chair	Director Totals
Robert T. Booth (1)	$3,573	$2,144	N/A	$5,717
Loraine M. Charlton (2)	$10,000	$3,874	$8,129	$22,003
Robert J. Hanf (2)	$6,456	N/A	$14,849	$21,305
Robert J. Normand (1)	$3,573	$2,144	N/A	$5,717
Linda A. Southern-Heathcott	$10,000	N/A	N/A	$10,000
Roger J. Urwin (3)	$0	$3,908	N/A	$3,908
Total Remuneration	**$33,602**	**$12,070**	**$22,978**	**$68,650**

(1) Effective May 8, 2025, Mr. Booth and Mr. Normand retired from the Board of Directors.

(2) Effective May 8, 2025, Ms. Charlton ceased as Chair of the Audit Committee and Mr. Hanf was appointed Chair of the Audit Committee.

(3) Dr. Urwin was appointed a member of the Audit Committee on May 8, 2025 and does not receive an annual retainer from CU Inc. due to the remuneration received from ATCO Ltd. and Canadian Utilities Limited.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company, person or company that beneficially owns, or controls or directs, directly or indirectly, greater than 10 per cent of the Company’s Class B shares, nor any associate or affiliate of the foregoing, has, or has had, any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES OR SANCTIONS

Corporate Cease Trade Orders

No director or executive officer of the Company is, as at the date of this AIF, or has been, within the past 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including CU Inc.) that:

i. was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, that was issued while the proposed director was acting in that capacity; or

ii. was subject to an event that resulted, after the person ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to an exemption under securities legislation for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity.

Corporate Bankruptcies

Except as otherwise disclosed below, no director, executive officer or controlling security holder of the Company is, as at the date of this AIF, or has been, within 10 years before the date hereof, a director or executive officer of any company (including CU Inc.) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ms. Nancy C. Southern was, until her resignation on August 24, 2020, a director and President of Swizzlesticks Enterprises Ltd., a private Alberta corporation operating a salon and spa in Calgary, Alberta, which on August 24, 2020, commenced proposal proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) by filing a notice of intention to make a proposal. The corporation was declared bankrupt and a trustee was appointed on August 25, 2020. An application for the discharge of the trustee was approved on December 14, 2021.

Ms. Penrice served as Executive Vice President & Chief Operating Officer of Sears Canada Inc. (Sears) when, on June 22, 2017, Sears announced that it and certain of its subsidiaries (Sears Group) had been granted an order from the Ontario Superior Court of Justice (Commercial List) (the Court) that, among other things, granted the Sears Group protection from their creditors under the *Companies' Creditors Arrangement Act* (Canada). On June 29, 2017, Sears received notice that the Continued Listings Committee of the TSX had determined to delist Sears' common shares effective at the close of market on July 28, 2017. Sears did not appeal the decision. On October 16, 2017, Sears announced that it had received approval from the Court to proceed with a liquidation of all of its inventory and furniture, fixtures and equipment located at its remaining stores.

Personal Bankruptcies

No director, executive officer or controlling security holder of the Company has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

No current director, executive officer or controlling security holder of the Company has:

i. been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

ii. been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Circumstances may arise where members of the Board serve as directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by any such member of the Board will be provided to the Company. However, the Company's procedures provide that each director and executive officer must comply with the disclosure requirements of the *Canada Business Corporations Act* regarding any material interest. If a declaration of material interest is made, the declaring director shall not vote on the matter if put to a vote of the Board. In addition, the declaring director and executive officer may be requested to recuse himself or herself from the meeting when such matter is being discussed.

VOTING SECURITIES AND PRINCIPAL HOLDER THEREOF

The Company has 2,188,262 Class B shares outstanding, all of which are owned by Canadian Utilities. ATCO Ltd. (ATCO), directly or indirectly, owns 99.6 per cent of the voting securities of Canadian Utilities. ATCO is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

TRANSFER AGENT AND REGISTRAR

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is party to a number of claims, disputes, lawsuits, and other matters. The Company believes that the ultimate liability arising from these matters will have no material impact on the consolidated financial statements of the Company. In addition, there have been no penalties or sanctions for the year ended December 31, 2025, imposed against the Company by a court, nor any settlement agreements entered into by the Company before a court, relating to securities legislation or with a securities regulatory authority. Additionally, there are no other known penalties or sanctions imposed by a court or regulatory body against the Company that would likely impact an investor in making an investment decision.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business (unless otherwise required by applicable securities requirements to be disclosed), there were no material contracts entered into by the Company or its subsidiaries during the most recently completed financial year, or before the most recently completed financial year that are still in effect.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP (PwC) has prepared the auditor’s report for the Company’s 2025 Consolidated Financial Statements. PwC is independent in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

EXTERNAL AUDITOR SERVICE FEES

The aggregate fees incurred by the Corporation and its subsidiaries for professional services provided by PwC for each of the past two years were as follows:

($ Millions)	**2025**	**2024**
Audit fees [1]	**1.7**	1.8
Total	**1.7**	1.8

(1) Audit fees are the aggregate professional fees paid to the external auditor for the audit of the annual consolidated financial statements and other regulatory audits and filings.

FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this AIF includes, but is not limited to, references to: strategic plans; expected growth, expansion and diversification opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term or expiry of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; the payment of dividends; the anticipated size, specifications and incremental natural gas delivery capacity of Yellowhead, the anticipated capital spend on Yellowhead, and the number of regulatory applications and expected timing for commencement of construction and bringing Yellowhead on-stream; the integrated relationship between NGTL and ATCO Energy Systems' natural gas transmission supporting growth in Alberta through a coordinated, province-wide transmission system; expectations regarding CETO, including the anticipated size, capacity and benefits of the project, the anticipated timing for energization of the project, and the anticipated total investment in the project; the expected impact of new legislation; and the expected timing and impact of policy and regulatory decisions and new policy and regulatory announcements.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things: the applicability and stability of legal and regulatory requirements in the jurisdictions in which we invest and/or operate; the payment of fees owing pursuant to applicable contracts; certain regulatory applications being made and approved; the growth of energy demand; inflation; the development and performance of technology and technological innovations and the ability to otherwise access and implement all technology necessary to achieve business objectives; continuing collaboration with certain business partners and engagement with new business partners, and regulatory and environmental groups; the performance of assets and equipment; demand levels for oil, natural gas, gasoline, diesel and other energy sources; certain levels of future energy use; future production rates; future revenue and earnings; the ability to meet current project schedules, and complete proposed development projects at currently estimated budgets; the availability of financing sources on acceptable terms; and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things: risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and regulations and the interpretation and manner of enforcement of such laws and regulations; changes to government policies; regulatory decisions; competitive factors in the industries in which the Company operates; evolving market or economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future demand for resources; the development and execution of projects, including development projects not proceeding on schedule or at all, or at currently estimated budgets; the availability of financing sources for development projects on acceptable terms; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; potential cancellation, termination, default, non-compliance, or breach of contract by contract counterparties; the risk that payments owed may not be collected or received in a timely manner, or at all; risks associated with potential litigation proceedings; potential damage to our brand and/or reputation that may result from a failure to perform, or from factors outside of our control, or negative publicity related to significant projects, investments, operations or activities; the risk of operational disruptions, outages, or force majeure events; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; global pandemics; the imposition of or changes to existing customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the “Business Risks and Risk Management” section in the MD&A.

This AIF may contain information that constitutes future-oriented financial information or financial outlook information, all of which are subject to the same assumptions, risk factors, limitations and qualifications set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on such future-oriented financial information or financial outlook information. The Company's actual results, performance and achievements could differ materially from those expressed in, or implied by, such future-oriented financial information or financial outlook information. The Company has included such information in order to provide readers with a more complete perspective on its future operations and its current expectations relating to its future performance. Such information may not be appropriate for other purposes and readers are cautioned that such information should not be used for purposes other than those for which it has been disclosed herein. Future-oriented financial information or financial outlook information contained herein was made as of the date of this AIF.

Any forward-looking information contained in this AIF represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca.

Additional financial information is provided in the Company's audited 2025 Consolidated Financial Statements and MD&A for the financial year ended December 31, 2025.

Information relating to ATCO or Canadian Utilities may be obtained on request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street SW, Calgary, Alberta, T3E 8B4, or by telephone (403) 292-7500.

GLOSSARY

2025 Consolidated Financial Statements means CU Inc.'s Consolidated Financial Statements for the year ended December 31, 2025.

AESO means Alberta Electric System Operator.

Alberta Utilities or Utilities means Electricity Distribution, Electricity Transmission, Natural Gas Distribution and Natural Gas Transmission, and their related subsidiaries.

APL means Alberta PowerLine.

AUC means the Alberta Utilities Commission.

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

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

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

Gigawatt hour (GWh) is a measure of electricity consumption equal to the use of 1 billion watts of power over a one-hour period.

IFRS means International Financial Reporting Standards.

MD&A means the Company's Management's Discussion and Analysis for the year ended December 31, 2025.

Megawatt (MW) is a measure of electric power equal to 1,000,000 watts.

Petajoule (PJ) is a unit of energy equal to approximately 948.2 billion British thermal units.

REA means Rural Electrification Association. REAs are constituted under the *Rural Utilities Act* (Alberta) by groups of persons carrying on farming operations. Each REA purchases electric power for distribution to its members through a distribution system owned by that REA.

ROE means Return on Equity.

SEDAR+ means The System for Electronic Document Analysis and Retrieval+.

APPENDIX 1

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) discusses the Company's executive compensation program, and how it is structured, governed, and designed to support the corporate business objectives.

This CD&A discloses compensation of the Executive Chair, Chief Executive Officer, Chief Financial Officer, and the next four executives that received the highest pay as of December 31, 2025 (our named executives):

- Nancy C. Southern, Executive Chair
- Robert (Bob) J. Myles, Chief Executive Officer
- Katherine-Jane (Katie) Patrick, Executive Vice President & Chief Financial Officer
- D. Jason Sharpe, Chief Operating Officer, ATCO Energy Systems
- Rebecca (Becky) A. Penrice, Executive Vice President, Chief Administration Officer
- Derek M. McHugh, Senior Vice President, Electric, ATCO Electric Ltd.
- Lance S. Radke, Senior Vice President, Gas & Pipelines, ATCO Gas and Pipelines Ltd.

Nancy C. Southern transitioned from her role as Chair & Chief Executive Officer to Executive Chair, effective May 8, 2025.

Bob Myles was promoted to Chief Executive Officer, Canadian Utilities effective May 8, 2025, prior to which he held the role of Chief Operating Officer, Canadian Utilities which he was appointed to on February 1, 2025. The compensation we report here is compensation received from CU Inc.

In 2025, the named executives had multiple roles for CU Inc., Canadian Utilities, and/or ATCO, the Company's ultimate parent company, with the exception of D. Jason Sharpe, Derek M. McHugh and Lance S. Radke. 100 per cent of their compensation expenses are allocated to CU Inc.

Every year, the Company apportions compensation for executives with multiple roles based on each entity’s contribution to total consolidated revenues, labour expenses and total assets. This allocation method, which has been approved by the Alberta Utilities Commission, represents an estimate of the amount of time the Company expects the executives will devote to each entity.

The table below shows how CU Inc., Canadian Utilities and ATCO have shared the non-equity compensation expense of executives with multiple roles over the past three years. The compensation reported in this Appendix 1, shows the amounts allocated to CU Inc.

	Amount paid and reported by CU Inc. (%)	**Amount paid by Canadian Utilities** (%)	**Amount paid by ATCO** (%)	**Combined total reported in ATCO proxy circular** (%)
2025	70.6	14.4	15.0	100
2024	71.1	16.9	12.0	100
2023	72.1	16.9	11.0	100

EXECUTIVE COMPENSATION PROGRAM ELEMENTS

Disclosure required by items 2.1, 2.3 and 2.4 of National Instrument 51-102F6 *Statement of Executive Compensation* is set out in the Canadian Utilities and/or ATCO management proxy circulars dated March 6, 2026, which are incorporated herein by reference and are available on SEDAR+ at www.sedarplus.ca.

This document discloses 100 per cent of the named executives’ Canadian Utilities equity compensation. ATCO equity compensation, as well as information regarding the ATCO equity plans is set out in the ATCO management proxy circular dated March 6, 2026 and available on SEDAR+ at www.sedarplus.ca.

2025 NAMED EXECUTIVES

NANCY C. SOUTHERN

Executive Chair

Location: Calgary, Canada

Years of Service: 36

Age: 69

Ms. Southern is Executive Chair of CU Inc. and has been a director since 1999. As Executive Chair, she provides leadership to the Board of Directors to ensure continued strong governance on behalf of the Board, guiding CU Inc.'s strategic direction, vision and ongoing operational success. She has positioned the Company at the forefront of Indigenous economic reconciliation and the energy transition, with a focus on cleaner fuels, electricity, and critical energy infrastructure. Ms. Southern is the recipient of numerous honours for her commitment to democratic principles and free enterprise. In 2024, she was honoured as a member of the Alberta Order of Excellence, the highest honour the Province of Alberta can bestow on a citizen.

	2025 ($)	2024 ($)	2023 ($)
Cash			
Base salary	706,000	734,700	721,000
Short-term incentive	1,412,000	1,194,480	1,297,800
Total cash compensation	**2,118,000**	**1,929,180**	**2,018,800**
Equity			
Restricted share units	N/A	N/A	N/A
Stock options	1,696,000	1,606,500	796,000
Total equity	**1,696,000**	**1,606,500**	**796,000**
Total direct compensation	**3,814,000**	**3,535,680**	**2,814,800**

Ms. Southern has an employment agreement with Canadian Utilities. Details regarding this agreement are set out in the Canadian Utilities management proxy circular dated March 6, 2026, which is incorporated herein by reference and is available on SEDAR+ at www.sedarplus.ca.

ROBERT J. MYLES

Chief Executive Officer

Location: Calgary, Canada

Years of Service: 26

Age: 61

Mr. Myles is Chief Executive Officer of Canadian Utilities Limited and CU Inc. He has operational, financial and strategic oversight of Canadian Utilities' operations across North America, South America, and in Australia. He is responsible for the strategic direction and operations of Canadian Utilities' natural gas and electric utilities, generation assets, as well as natural gas and natural gas liquids storage business. Mr. Myles has held a variety of progressively senior roles and was President & Chief Operating Officer, Canadian Utilities Limited until his promotion to Chief Executive Officer, Canadian Utilities Limited effective May 8, 2025.

	2025 ($)	2024 ($)	2023 ($)
Cash			
Base salary	683,963	—	—
Short-term incentive	1,053,113	—	—
Total cash compensation	**1,737,076**	**—**	**—**
Equity			
Restricted share units	992,248	—	—
Stock options	424,000	—	—
Total equity	**1,416,248**	**—**	**—**
Total direct compensation[1]	**3,153,324**	**—**	**—**

[1] The compensation amounts for Bob J. Myles reflect his compensation during his time as Chief Operating Officer, Canadian Utilities from February 1, 2025 to May 7, 2025 and Chief Executive Officer, Canadian Utilities from May 8, 2025 to December 31, 2025. Details regarding his full compensation, including his time as Chief Operating Officer, ATCO EnPower until January 31, 2025 are set forth in the ATCO Ltd. and Canadian Utilities Limited management proxy circulars dated March 6, 2026 and are available on SEDAR+ at www.sedarplus.ca.

KATHERINE-JANE PATRICK

Executive Vice President & Chief Financial Officer

Location: Calgary, Canada

Years of Service: 10

Age: 47

Ms. Patrick is Executive Vice President & Chief Financial Officer of CU Inc. She has accountability for Finance, Accounting, Treasury, Taxation, Risk Management, Investor Relations and administration of the Internal Audit function. Effective March 1, 2025, Ms. Patrick's role at Canadian Utilities broadened to include Chief Investment Officer responsibilities which include Canadian Utilities' investment focused financial growth strategy and investments. She joined Canadian Utilities in 2015 and has held progressively senior roles in Canadian Utilities and ATCO. Ms. Patrick was appointed to the role of Executive Vice President & Chief Financial Officer of CU Inc. in March 2024.

	2025 ($)	2024 ($)	2023 ($)
Cash			
Base salary	449,487	413,269	365,006
Short-term incentive	677,760	469,260	432,600
Total cash compensation	**1,127,247**	**882,529**	**797,606**
Equity			
Restricted share units	0	0	N/A
Stock options	84,800	0	0
Total equity	**84,800**	**0**	**0**
Total direct compensation	**1,212,047**	**882,529**	**797,606**

D. JASON SHARPE

Chief Operating Officer, ATCO Energy Systems

Location: Calgary, Canada

Years of Service: 23

Age: 51

Mr. Sharpe is Chief Operating Officer, ATCO Energy Systems. He is responsible for the strategic direction and operations of CU Inc.'s natural gas and electric utilities businesses. These businesses provide safe, efficient, and reliable energy to millions of homes and businesses in hundreds of communities. Mr. Sharpe has held a variety of senior roles across the organization. Mr. Sharpe was President, ATCO Gas & Pipelines prior to his promotion to Chief Operating Officer, ATCO Energy Systems effective January 30, 2025.

	2025 ($)	2024 ($)	2023 ($)
Cash			
Base salary	520,833	468,750	437,500
Short-term incentive	600,000	475,000	360,000
Total cash compensation	**1,120,833**	**943,750**	**797,500**
Equity			
Restricted share units	244,161	188,234	N/A
Stock options	106,000	114,750	99,500
Total equity	**350,161**	**302,984**	**99,500**
Total direct compensation	**1,470,994**	**1,246,734**	**897,000**

REBECCA A. PENRICE

Executive Vice President, Chief Administration Officer

Location: Calgary, Canada

Years of Service: 6

Age: 51

Ms. Penrice is Executive Vice President, Chief Administration Officer for CU Inc. She has overall responsibility for leading key corporate functions, including: IT, Human Resources, Corporate Security, Common Services, Supply Chain, Governance & Legal, Marketing, Brand & Communications and Aviation. She is involved in strategic decisions which guide the evolution of the corporate culture as well as supporting the Executive leadership team and the Board of Directors. Ms. Penrice joined the Company in 2020.

	2025 *($)*	2024 *($)*	2023 *($)*
Cash			
Base salary	438,602	407,047	387,538
Short-term incentive	670,700	469,260	432,600
Total cash compensation	**1,109,302**	**876,307**	**820,138**
Equity			
Restricted share units	203,467	156,862	N/A
Stock options	127,200	137,700	119,400
Total equity	**330,667**	**294,562**	**119,400**
Total direct compensation	**1,439,969**	**1,170,869**	**939,538**

DEREK M. MCHUGH

Senior Vice President, Electric, ATCO Electric Ltd.

Location: Edmonton, Canada

Years of Service: 12

Age: 48

Mr. McHugh is the Senior Vice President, Electric for ATCO Electric Ltd. He is accountable for the safe, reliable, and cost-effective operation and planning of ATCO's electric transmission and distribution systems. Since joining ATCO in 2013, Mr. McHugh has held a variety of senior roles across the organization, prior to his promotion to Senior Vice President in July 2023.

	2025 ($)	2024 ($)	2023 ($)
Cash			
Base salary	328,750	305,000	268,032
Short-term incentive	330,000	300,000	250,000
Total cash compensation	**658,750**	**605,000**	**518,032**
Equity			
Restricted share units	81,387	62,745	N/A
Stock options	25,440	27,540	7,960
Total equity	**106,827**	**90,285**	**7,960**
Total direct compensation	**765,577**	**695,285**	**525,992**

The 2023 compensation amounts for Derek M. McHugh reflect his full compensation both during his time as Vice President, Line Operations of LUMA Energy, LLC (LUMA) until June 25, 2023, and as Senior Vice President, Operations for Alberta, and North of 60, ATCO Electric effective June 26, 2023. Mr. McHugh's compensation with LUMA was subject to service, affiliate service, and secondment arrangements between Canadian Utilities, its affiliates, its joint venture partner in LUMA, and LUMA, pursuant to which management compensation costs were shared by the parties.

LANCE S. RADKE

Senior Vice President, Gas & Pipelines, ATCO Gas and Pipelines Ltd.

Location: Edmonton, Canada

Years of Service: 21

Age: 43

Mr. Radke is Senior Vice President, Gas & Pipelines for ATCO Gas and Pipelines Ltd. He is responsible for the people and core infrastructure that maintains the safe, reliable, and cost-effective delivery of natural gas to our customers. Mr. Radke has held a variety of senior roles across the organization in Engineering, Operations, and Customer Service prior to his promotion to Senior Vice President in December 2022.

	2025 ($)	2024 ($)	2023 ($)
Cash			
Base salary	328,750	308,750	287,500
Short-term incentive	330,000	300,000	275,000
Total cash compensation	**658,750**	**608,750**	**562,500**
Equity			
Restricted share units	81,387	62,745	N/A
Stock options	25,440	27,540	23,880
Total equity	**106,827**	**90,285**	**23,880**
Total direct compensation	**765,577**	**699,035**	**586,380**

2025 COMPENSATION DETAILS

Summary Compensation Table

The table below summarizes the total compensation allocated to the Company in accordance with the table set out on the first page of this Appendix 1 for each of the named executives for the years ended December 31, 2025, 2024 and 2023.

	Salary	Share based awards [1,2,3]	Option based awards [1,4,5]	Non-equity annual incentive plans	Pension value [6]	All other compensation [7]	Total compensation
Nancy C. Southern							
Executive Chair							
2025	706,000	N/A	1,696,000	1,412,000	982,929	24,710	4,821,639
2024	734,700	N/A	1,606,500	1,194,480	1,344,847	25,715	4,906,242
2023	721,000	N/A	796,000	1,297,800	1,301,424	25,235	4,141,459
Bob J. Myles							
Chief Executive Officer							
2025	683,963	992,248	424,000	1,053,113	25,662	22,326	3,201,312
2024	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—
Katie Patrick							
Executive Vice President & Chief Financial Officer							
2025	449,487	—	84,800	677,760	23,870	1,124	1,237,041
2024	413,269	—	—	469,260	23,100	1,033	906,662
2023	365,006	N/A	—	432,600	22,755	913	821,274
D. Jason Sharpe							
Chief Operating Officer, ATCO Energy Systems							
2025	520,833	244,161	106,000	600,000	33,810	18,229	1,523,033
2024	468,750	188,234	114,750	475,000	32,490	16,406	1,295,630
2023	437,500	N/A	99,500	360,000	31,560	15,313	943,873
Becky A. Penrice							
Executive Vice President, Chief Administration Officer							
2025	438,602	203,467	127,200	670,700	23,870	11,333	1,475,172
2024	407,047	156,862	137,700	469,260	23,100	10,176	1,204,145
2023	387,538	N/A	119,400	432,600	22,755	9,688	971,981
Derek M. McHugh							
Senior Vice President, Electric, ATCO Electric Ltd.							
2025	328,750	81,387	25,440	330,000	32,875	11,506	809,958
2024	305,000	62,745	27,540	300,000	30,500	10,675	736,460
2023 [8]	268,032	N/A	7,960	250,000	26,803	9,381	562,176
Lance S. Radke							
Senior Vice President, Gas & Pipelines, ATCO Gas and Pipelines Ltd.							
2025	328,750	81,387	25,440	330,000	32,875	11,506	809,958
2024	308,750	62,745	27,540	300,000	30,875	10,806	740,716
2023	287,500	N/A	23,880	275,000	28,750	10,062	625,192

(1) The disclosure regarding the named executives' ATCO equity compensation as well as information regarding the equity plans is set out in the ATCO and/or Canadian Utilities management proxy circulars dated March 6, 2026, as applicable, which are incorporated herein by reference and are available on SEDAR+ at www.sedarplus.ca.

(2) The share based awards value represents the grant date fair value of the RSUs awarded plus the value of additional RSUs received during the calendar year on each dividend payment date. The accounting fair value is based on the full value share price at the time of grant.

(3) Total Canadian Utilities RSUs.

(4) The option values shown for the last three years are the grant date fair values determined using the Black-Scholes method, the same method used for determining the accounting fair values. The assumptions used were as follows:

Canadian Utilities Option Assumptions	*2025*	*2024*	*2023*
Expected life (years)	*6.6*	*6.7*	*6.7*
Risk free rate of return	*2.82%*	*2.75%*	*3.82%*
Volatility	*19.94%*	*23.47%*	*22.81%*
Dividend yield	*4.82%*	*5.07%*	*5.69%*

(5) Total Canadian Utilities stock options.

(6) Estimated using a prescribed formula based on several assumptions. Also includes other compensatory items. For additional information, please see the disclosure under Pension and Retirement Benefits starting on Page 35.

(7) Employer contributions to the Employee Share Purchase Plan.

(8) The 2023 compensation amounts for Derek M. McHugh reflect his full compensation both during his time as Vice President, Line Operations of LUMA until June 25, 2023, and as Senior Vice President, Operations for Alberta, and North of 60, ATCO Electric effective June 26, 2023. Mr. McHugh's compensation with LUMA was subject to service, affiliate service, and secondment arrangements between Canadian Utilities, its affiliates, its joint venture partner in LUMA, and LUMA, pursuant to which management compensation costs were shared by the parties.

INCENTIVE PLAN AWARDS

With the exception of Mr. McHugh and Mr. Radke, additional disclosure regarding the named executives' equity compensation as well as information regarding the equity plans is set out in the Canadian Utilities and/or ATCO management proxy circulars dated March 6, 2026, as applicable, which are incorporated herein by reference and are available on SEDAR+ at www.sedarplus.ca.

Outstanding Share-Based Awards (RSUs)

The table below shows outstanding share-based awards for Mr. McHugh and Mr. Radke as of December 31, 2025.

					Share-based awards	
	Number of share-based awards that have not vested (#)		**Market or payout value of share-based awards that have not vested[1] ($)**		**Market or payout value of vested share-based awards not paid out or distributed ($)**	
	Canadian Utilities	**ATCO**	**Canadian Utilities**	**ATCO**	**Canadian Utilities**	**ATCO**
Derek M. McHugh						
2025	2,046	0	87,432	0	N/A	N/A
2024	1,615	0	69,005	0	N/A	N/A
Lance S. Radke						
2025	2,046	0	87,432	0	N/A	N/A
2024	1,615	0	69,005	0	N/A	N/A

(1) Based on the market value as of December 31, 2025, of Canadian Utilities Class A shares ($42.73) and ATCO Class I Shares ($56.38). The share-based awards value includes the value of additional RSUs received during the calendar year on each dividend payment date.

Outstanding Option-Based Awards

The table below shows outstanding option-based awards for Mr. McHugh and Mr. Radke as of December 31, 2025.

								Option-based awards	
	Number of securities underlying unexercised options (#)				Option exercise price /SARs base value ($)		Option / SARs expiration date	Value of unexercised in- the-money options / SARs[5] ($)	
	Canadian Utilities		ATCO						
	Options[1]	SARs[2]	Options[3]	SARs[4]	Canadian Utilities	ATCO		Canadian Utilities	ATCO
Derek M. McHugh									
2025	6,000	N/A	N/A	N/A	38.14	N/A	2033-09-15	27,540	N/A
2024	6,000	N/A	N/A	N/A	35.24	N/A	2032-09-15	44,940	N/A
2023	3,000	N/A	N/A	N/A	31.28	N/A	2031-09-15	34,350	N/A
2022	2,000	N/A	N/A	N/A	40.89	N/A	2030-09-15	3,680	N/A
2021	2,000	N/A	N/A	N/A	35.76	N/A	2029-06-15	13,940	N/A
2019	1,000	1,000	N/A	N/A	38.97	N/A	2029-11-15	7,520	N/A
Lance S. Radke									
2025	6,000	N/A	N/A	N/A	38.14	N/A	2033-09-15	27,540	N/A
2024	6,000	N/A	N/A	N/A	35.24	N/A	2032-09-15	44,940	N/A
2023	6,000	N/A	N/A	N/A	31.28	N/A	2031-09-15	68,700	N/A
2022	4,000	N/A	N/A	N/A	37.70	N/A	2030-12-15	20,120	N/A
2022	2,000	N/A	N/A	N/A	40.89	N/A	2030-09-15	3,680	N/A
2021	2,000	N/A	N/A	N/A	35.76	N/A	2029-06-15	13,940	N/A
2020	2,000	N/A	N/A	N/A	32.09	N/A	2028-12-15	21,280	N/A
2019	1,000	1,000	N/A	N/A	38.97	N/A	2029-11-15	7,520	N/A
2018	500	500	500	500	33.07	40.38	2028-07-15	9,660	16,000

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

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

(3) Options to buy ATCO Class I Shares.

(4) Share appreciation rights based on ATCO Class I Shares.

(5) The difference between the market value as of December 31, 2025, of Canadian Utilities Class A shares ($42.73) and ATCO Class I Shares ($56.38) underlying the option-based awards and the exercise price of the option-based awards.

Incentive plan awards — value vested or earned during the year

The table below shows incentive plan awards that have vested or were earned for Mr. McHugh and Mr. Radke during 2025.

	Option-based awards		Share-based awards		Non-equity incentive plan compensation
	Value vested during the year ($)		Value vested during the year ($)		Value earned during the year ($)
	Canadian Utilities	ATCO	Canadian Utilities	ATCO	
	Options[1]	Options[2]	RSUs[3]	RSUs[4]	
Derek McHugh	15,175	N/A	19,928	N/A	330,000
Lance Radke	19,225	N/A	19,928	N/A	330,000

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

(2) Options to buy ATCO Class I Shares.

(3) RSUs based on Canadian Utilities Class A shares.

(4) RSUs based on ATCO Class I Shares.

PENSION PLAN

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

Nancy C. Southern participates in the DB component. Bob J. Myles, Katie Patrick, D. Jason Sharpe, Becky A. Penrice, Derek M. McHugh and Lance S. Radke participate in the DC component.

How the DB component works:

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

How we calculate the pension benefit:

$$\left[1.4\% \times \text{average year's maximum pensionable earnings (\$66,580 in 2025)} + 2\% \times \text{average salary (highest five consecutive years of base salary, not including short-term incentive) } \textit{minus} \text{ \$66,580} \right] \times \text{Years of service}$$

How the DC component works:

- Executives do not contribute to the plan
- The Company contributes 10 per cent of base salary up to the maximum permitted by the *Income Tax Act* (Canada) which was $33,810 in 2025
- Participants are responsible for the investment decisions in the DC plan and may invest contributions in a broad selection of funds

SUPPLEMENTAL PENSION BENEFITS

Pension benefits under our pension plans are subject to limits imposed by the *Income Tax Act* (Canada). Benefits that are higher than these limits are paid to Nancy C. Southern as a supplemental pension. This supplemental pension is provided by Canadian Utilities and benefits are not pre-funded; it is also inclusive of the benefit under the Canadian Utilities plan.

How it works:

- Supplemental pension benefits are provided as a defined benefit plan
- Executives do not contribute to the supplemental plan
- Service is limited to 35 years

Nancy C. Southern's supplemental pension benefit is part of her employment agreement with Canadian Utilities. Her benefits are calculated as 80 per cent of the average of the highest five years of cash compensation (salary and short-term incentives) throughout her career.

PENSION AND RETIREMENT BENEFITS

DEFINED BENEFIT

The table below shows the pension benefits and accrued obligations under all registered pension plans and supplemental arrangements for Nancy C. Southern, as allocated to CU Inc.

	Number of years credited service (#)	Annual Benefits Payable ($)		Opening present value of defined benefit obligation ($)	Compensatory change ($)	Non compensatory change ($)	Closing present value of defined benefit obligation ($)
		At year end	At age 65				
Nancy C. Southern	30.00	1,526,466	1,526,466	25,823,781	982,929	(2,177,665)	24,629,045

Number of years of credited service is the time the executive has been a member of the pension plan, and is used to calculate the pension.

Annual benefits payable at year end is based on the defined benefit credited service and actual average pensionable earnings at December 31, 2025. The benefits are reduced if a named executive is eligible for early retirement.

Annual benefits payable at age 65 is based on actual average pensionable earnings at December 31, 2025, and their projected service at age 65, to a maximum of 35 years service.

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

The compensatory change includes the service cost, differences between actual and estimated earnings, the impact of plan amendments and past service benefits, as well as changes in expected future retirement dates.

The non-compensatory change includes interest on the obligation, the impact of assumption changes, and the impact of changing the CU Inc. allocation from 71.1 per cent in 2024 to 70.6 per cent in 2025. See Note 13, Retirement Benefits, in the Company's consolidated financial statements for the year ended December 31, 2025, for more information about the methods and assumptions used to calculate accrued obligations.

DEFINED CONTRIBUTION

The table below shows the defined contribution disclosure for the named executives, as allocated to CU Inc.

	Accumulated value at start of year ($)	Compensatory[1] ($)	Accumulated value at year end ($)
Bob J. Myles	127,309	25,662	162,016
Katie Patrick	277,915	23,870	352,761
D. Jason Sharpe	960,046	33,810	1,181,584
Becky A. Penrice	138,148	23,870	177,923
Derek M. McHugh	369,715	32,875	450,371
Lance S. Radke	682,282	32,875	801,764

(1) *The compensatory amount is the Company's contribution. Participants are responsible for their investments and may invest contributions in a broad selection of funds.*

TERMINATION AND CHANGE OF CONTROL

Termination of employment of an executive is subject to applicable legislation and common law provisions as no employment agreements are in place for the named executives, except for Ms. Southern. See the Canadian Utilities and/or ATCO management proxy circulars dated March 6, 2026, which are incorporated by reference herein and are available on SEDAR+ at www.sedarplus.ca, for an explanation as to how various components of our compensation program are typically impacted by retirement, resignation, change of control and termination.

Details regarding termination and change of control that would apply to the Company's named executives, other than Mr. McHugh and Mr. Radke, are set out in the Canadian Utilities and/or ATCO management proxy circulars dated March 6, 2026, which are incorporated herein by reference and are available on SEDAR+ at www.sedarplus.ca.

The table below shows incremental amounts that would be paid to Mr. McHugh and Mr. Radke based on differing scenarios – retirement, resignation, termination without cause and change of control without termination, assuming the triggering event took place on December 31, 2025.

	Incremental Amounts	Retirement *($)*	Resignation *($)*	Termination without cause *($)*[1]	Change of control without termination *($)*[2]
Derek M. McHugh					
	Cash payment				
	Share-based awards[3]				156,437
	Option-based awards[4]				96,515
	Benefits				
	Perquisites				
	Total				**252,952**
Lance S. Radke					
	Cash payment				
	Share-based awards[3]				156,437
	Option-based awards[4]				101,545
	Benefits				
	Perquisites				
	Total				**257,982**

(1) *The named executives are not entitled to any incremental payments in the event of termination for cause.*

(2) *The cash payment that would be made upon termination in the event of change of control is the same value as shown under "Termination without cause".*

(3) *Assumes the vesting of all unvested RSUs. Shows the estimated value of accelerated awards based on $42.73, the closing price of Canadian Utilities Class A shares on December 31, 2025. The share-based awards value includes the value of additional RSUs received during the calendar year on each dividend payment date.*

(4) *Assumes the exercise of all unvested options. Shows the estimated value of accelerated awards based on $42.73, the closing price of Canadian Utilities Class A shares on December 31, 2025.*

DIRECTOR COMPENSATION

For information on the annual retainers paid to non-employee directors for acting as directors of the Company in 2025, please see page 18.

Ms. Charlton and Mr. Hanf are directors of the Company as well as Canadian Utilities. The disclosure required by item 7 of National Instrument 51-102F6 *Statement of Executive Compensation* is set out in the Canadian Utilities management proxy circular dated March 6, 2026, which is incorporated herein by reference and is available on SEDAR+ at www.sedarplus.ca.

Ms. Southern, Ms. Southern-Heathcott and Dr. Urwin are directors of the Company as well as ATCO and Canadian Utilities. Ms. Southern is an employee of the Company and does not receive compensation as a director. The disclosure required by item 7 of National Instrument 51-102F6 *Statement of Executive Compensation*, for Ms. Southern-Heathcott and Dr. Urwin as it pertains to the Company, is set out in the Canadian Utilities management proxy circular dated March 6, 2026, which is incorporated herein by reference and is available on SEDAR+ at www.sedarplus.ca.