

October 31, 2023

Canadian Utilities Makes Exchange Proposal to Non-Controlling Class B Share Owners

- *Simplifies Capital Structure and Improves Liquidity*
- *Continued Participation in Canadian Utilities Growth and Income*
- *Shareholder Meeting Expected to be Held in December 2023*

CALGARY, Alberta - Canadian Utilities Limited (TSX: CU) (TSX: CU.X)

Canadian Utilities Limited ("**Canadian Utilities**") today announced that its Board of Directors has determined to make a proposal to the holders of Class B common shares ("**Class B Shares**") other than ATCO Ltd. and certain of its related parties (collectively, "**ATCO**"). Subject to the approval of holders of Class B Shares ("**Class B Share Owners**"), the transaction will be effected by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* (the "**Arrangement**").

Under the terms of the Arrangement, each Class B Share held by a Class B Share Owner other than ATCO ("**Non-Controlling Class B Share Owners**") will be exchanged for 1.1 Class A non-voting shares ("**Class A Shares**") of Canadian Utilities (the "**Exchange Ratio**").

The Class B Shares held by ATCO, currently comprising approximately 97.4% of the outstanding Class B Shares, will not be exchanged pursuant to the Arrangement. As a result, upon completion of the Arrangement, ATCO will be the sole holder of Class B Shares.

KEY HIGHLIGHTS AND RATIONALE FOR THE ARRANGEMENT

Since Canadian Utilities implemented its dual class share structure in 1982, the Non-Controlling Class B Share Owners' relative ownership of Class B Shares has gradually decreased from approximately 49.5% to under 3% as Non-Controlling Class B Share Owners have elected to convert their Class B Shares into Class A Shares on a 1:1 basis in accordance with their terms. The Arrangement represents an opportunity to simplify Canadian Utilities' capital structure and reduce its administrative obligations, while offering the following expected benefits for Non-Controlling Class B Share Owners:

- **Premium to Existing Conversion Rights:** The Exchange Ratio represents an effective premium of 10% relative to the existing conversion right which provides Class B Share Owners the right to convert their Class B Shares into Class A Shares at any time at a ratio of 1:1.
- **Tax Free Exchange:** Non-Controlling Class B Share Owners can generally achieve a deferral for Canadian tax purposes of the capital gain that would otherwise have been realized upon a disposition of their Class B Shares.
- **Continued Participation in the Growth and Income Opportunities of Canadian Utilities:** Non-Controlling Class B Share Owners will receive Class A Shares pursuant to

the Arrangement and will therefore be able to continue to participate in the benefits of equity ownership in Canadian Utilities, including the right to continue to receive the same dividend per share as is paid in respect of the Class B Shares and to participate in the anticipated growth opportunities being pursued by Canadian Utilities as a diversified global energy infrastructure business.

- **Enhanced Liquidity:** The Arrangement will provide Non-Controlling Class B Share Owners with immediate access to the enhanced liquidity provided through ownership of Class A Shares, at a premium represented by the Exchange Ratio, and without incurring any transaction costs.

ADDITIONAL INFORMATION ON THE ARRANGEMENT

The Arrangement is subject to the approval by: (i) two-thirds of the votes cast by Class B Share Owners present or represented by proxy at a special meeting of Class B Share Owners (the "**Meeting**") called to consider the Arrangement; and (ii) a majority of the votes cast by Class B Share Owners present or represented by proxy at the Meeting, after excluding the votes attached to Class B Shares held by ATCO and any other Class B Share Owners whose votes are required to be excluded in determining whether "minority approval" for the Arrangement has been obtained pursuant to applicable Canadian securities laws.

In addition to the required approvals of Class B Share Owners, closing of the Arrangement is also subject to obtaining the approval of the Court of King's Bench of Alberta and the Toronto Stock Exchange, as well as other customary closing conditions.

Further details regarding the Arrangement will be contained in a management information circular (the "**Circular**") for the Meeting to be sent to holders of Class A Shares and Class B Shares in connection with the Meeting. The Circular is expected to be mailed on or about November 22, 2023, and the Meeting is expected to be held on or about December 14, 2023.

If all approvals are received and other closing conditions are satisfied in a timely manner, the Arrangement is expected to be completed on or about December 15, 2023.

The Circular, as well as other filings containing information about the Arrangement, will be available for viewing under Canadian Utilities' SEDAR+ profile at www.sedarplus.ca. All Class B Share Owners are urged to read the Circular once available, as it will contain additional important information concerning the Arrangement and how to vote their Class B Shares.

INDEPENDENT OVERSIGHT AND DECISION-MAKING PROCESS

The Arrangement is the result of an independent and comprehensive review process. The Board of Directors of Canadian Utilities (the "**Board**") delegated to a special committee consisting solely of independent directors of Canadian Utilities (the "**Special Committee**") the authority to, among other things, negotiate, examine, review and evaluate the merits and risks of the Arrangement.

BMO Nesbitt Burns Inc. ("BMO Capital Markets"), acting as independent financial advisor to the Special Committee, has provided its opinion (the "Fairness Opinion") to the Special Committee (subject to certain assumptions, limitations and qualifications contained therein) that the consideration to be received by Non-Controlling Class B Share Owners pursuant to the Arrangement is fair, from a financial point of view, to Non-Controlling Class B Share Owners.

The Special Committee, having undertaken a thorough review of, and having carefully considered, among other things, the terms of the Arrangement and its impact on Canadian Utilities and all relevant

stakeholders; information concerning Canadian Utilities, including its share structure; ATCO's ownership of Class B Shares and resulting voting control of Canadian Utilities; the Fairness Opinion and other relevant matters, unanimously determined to recommend to the Board that it: (i) determine that the Arrangement is in the best interests of Canadian Utilities and fair to Non-Controlling Class B Share Owners; (ii) approve the Arrangement; and (iii) direct that the Arrangement be submitted to Class B Share Owners for approval and recommend that Class B Share Owners vote FOR the Arrangement.

After considering, among other things, the unanimous recommendation of the Special Committee and the Fairness Opinion, the Board (with five directors who are not independent abstaining) unanimously: (i) determined that the Arrangement is in the best interests of Canadian Utilities and fair to Non-Controlling Class B Share Owners; (ii) approved the Arrangement; and (iii) directed that the Arrangement be submitted to Class B Share Owners for approval and recommended that Class B Share Owners vote FOR the Arrangement.

Shareholders who have any questions should contact Kingsdale Advisors by calling 1-888-518-1565 (toll-free in North America), or 647-251-9704 (call and text outside of North America), or by email at contactus@kingsdaleadvisors.com.

ADVISORS

Blake, Cassels & Graydon LLP is acting as legal advisor to Canadian Utilities. Felesky Flynn LLP is acting as Canadian tax counsel to Canadian Utilities. Stikeman Elliott LLP is acting as legal advisor to the Special Committee. BMO Capital Markets is acting as financial advisor to the Special Committee. Canadian Utilities has retained Kingsdale Advisors as its strategic shareholder advisor in connection with the Meeting.

ABOUT CANADIAN UTILITIES

Canadian Utilities Limited and its subsidiary and affiliate companies have approximately 8,000 employees and assets of \$23 billion. Canadian Utilities, an ATCO company, is a diversified global energy infrastructure corporation delivering essential services and innovative business solutions in Utilities (electricity and natural gas transmission and distribution, and international operations); Energy Infrastructure (energy storage, energy generation, industrial water solutions, and clean fuels); and Retail Energy (electricity and natural gas retail sales, and whole-home solutions). More information can be found at www.canadianutilities.com.

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Subscription Inquiries

To receive Canadian Utilities Limited news releases, please click [here](#).

FORWARD-LOOKING INFORMATION

Certain statements contained in this news release 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 news release includes, but is not limited to, references to: the expected benefits of the Arrangement to Non-Controlling Class B Share Owners, including with respect to enhanced liquidity and continued participation in Canadian Utilities' anticipated growth opportunities and dividend payments; expectations with respect to the impact of the Arrangement on Canadian Utilities, including its anticipated impact on Canadian Utilities' administrative obligations, capital structure and the level of voting control exercised by ATCO; the tax implications of the Arrangement for Non-Controlling Class B Share Owners; the anticipated date of the Meeting, the Circular sent in connection therewith and the expected mailing date thereof; the anticipated closing conditions and approvals required in connection with the Arrangement; and the expected structure and anticipated timing and completion of the Arrangement, including the expected closing date of the Arrangement.

Although Canadian Utilities 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 Canadian Utilities' beliefs and assumptions with respect to, among other things: the satisfaction of the conditions to closing of the Arrangement in a timely manner, including the receipt of all necessary approvals; Canadian Utilities' ability to issue Class A Shares pursuant to the Arrangement in the manner expected; the anticipated Canadian income tax consequences of the Arrangement; and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

Actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things: the failure of Canadian Utilities to receive, in a timely manner, the necessary court, shareholder and stock exchange approvals and to satisfy the other conditions to closing of the Arrangement in a timely manner and on acceptable terms; the inability of Canadian Utilities to complete the Arrangement on the terms contemplated or at all; the inability of Canadian Utilities to realize the anticipated benefits of the Arrangement; negative reactions from investors in respect of the Arrangement; payments to Non-Controlling Class B Share Owners who validly exercise dissent rights in respect of the Arrangement; the focus of management's time and attention on the Arrangement and other disruptions arising from the Arrangement; the failure of Canadian Utilities to realize upon its anticipated growth opportunities; and other risk factors, many of which are beyond the control of Canadian Utilities. 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. Additional risk factors relating to Canadian Utilities are described in further detail in its management's discussion and analysis and annual information form for the year ended December 31, 2022, and in its management's discussion and analysis for the three and nine months ended September 30, 2023, which are available on SEDAR+ at www.sedarplus.ca.

Any forward-looking information contained in this news release represents Canadian Utilities' expectations as of the date hereof and is subject to change after such date. Canadian Utilities 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.