ATCO Ltd.

2009

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2009

February 17, 2010

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1. FORWARD-LOOKING INFORMATION

Certain statements contained in this annual information form (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", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

2. DEFINED TERMS

AESO means the Alberta Electric System Operator;

AGP means ATCO Gas and Pipelines Ltd.;

Alberta Power (2000) means Alberta Power (2000) Ltd.;

Ancillary Services means those services purchased by the Alberta Electric System Operator (AESO) from Alberta generating stations to ensure that electricity can be transmitted reliably, efficiently, and securely across Alberta's interconnected transmission system;

ASL means ATCO Structures & Logistics Ltd., the company formed on July 1, 2009, through the amalgamation of ATCO Structures and ATCO Frontec;

ATCO means ATCO Ltd.;

ATCO Electric means ATCO Electric Ltd.;

ATCO Frontec means ATCO Frontec Corp., the wholly-owned subsidiary of Canadian Utilities Limited which amalgamated with ATCO Structures on July 1, 2009, to form ATCO Structures & Logistics Ltd.;

ATCO Gas means the natural gas distribution division of AGP;

ATCO I-Tek means ATCO I-Tek Inc.;

ATCO Investments means ATCO Investments Ltd.;

ATCO Midstream means ATCO Midstream Ltd. together with its subsidiaries;

ATCO Noise Management means ATCO Noise Management Ltd., the wholly-owned subsidiary of ATCO that became a wholly-owned subsidiary of ATCO Structures & Logistics Ltd. on July 1, 2009, and was subsequently amalgamated with ATCO Structures & Logistics Ltd. on January 1, 2010;

ATCO Pipelines means the natural gas transmission division of AGP;

ATCO Power means ATCO Power Ltd. together with its subsidiaries;

ATCO Resources means ATCO Resources Ltd.;

ATCO Structures means ATCO Structures Inc., the wholly-owned subsidiary of ATCO Ltd. which amalgamated with ATCO Frontec on July 1, 2009, to form ATCO Structures & Logistics Ltd.;

AUC means the Alberta Utilities Commission;

Canadian Utilities means Canadian Utilities Limited;

Class I Shares means Class I Non-Voting Shares of the Corporation;

Class II Shares means Class II Voting Shares of the Corporation;

Corporation means ATCO Ltd. and, unless the context otherwise requires, includes its subsidiaries;

EUA means the Electric Utilities Act (Alberta);

Frac Spread means the premium or discount between the purchase price of natural gas and the selling price of extracted natural gas liquids on a heat content equivalent basis;

Interruptible means service subject to interruption at anytime at the sole discretion of ATCO Pipelines if ATCO Pipelines determines that the service volumes would in any way interfere with or restrict its ability to transport higher priority service volumes;

MD&A means the Corporation's Management's Discussion and Analysis for the year ended December 31, 2009;

Megawatt hour (MWh) means a measure of electricity consumption equal to the use of 1,000,000 watts of power over a one-hour period;

Merchant means uncontracted generating plant capacity that is offered into the spot electricity market in which the generating plant is located;

Negotiated Settlement means an agreement related to a revenue requirement and/or customer rates for a specific period of time resulting from direct negotiations between a utility and its customers. A negotiated settlement avoids the need for a general rate application for the duration of the agreement. All negotiated settlements must be approved by the AUC;

NGL means natural gas liquids, such as ethane, propane, butane and pentanes plus, that are extracted from natural gas and sold as distinct products or as a mix;

NLD means Northland Utilities (NWT) Limited;

NUY means Northland Utilities (Yellowknife) Limited;

Overrun means volumes of natural gas transported in excess of contracted volumes. These volumes are subject to interruption at the sole discretion of ATCO Pipelines;

Petajoule (PJ) means a unit of energy equal to approximately 948.2 billion British thermal units, terajoule (TJ) means a unit of energy equal to approximately 948.2 million British thermal units, and gigajoule (GJ) means a unit of energy equal to approximately 948.2 thousand British thermal units;

Placeholder means an AUC approved interim cost which has been included in utility customer rates pending an AUC review in a separate or future proceeding. This cost is subject to adjustment once the separate or future proceeding is completed and may result in refunds to or recoveries from customers;

PPA means Power Purchase Arrangements that became effective on January 1, 2001, as part of the process of restructuring the electric utility business in Alberta. The PPAs are legislatively mandated and approved by the AUC;

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;

Spark Spread means the difference between the selling price of electricity and the marginal cost of producing electricity from natural gas. In this AIF, Spark Spreads are based on an approximate industry heat rate of 7.5 GJ per MWh;

TMR means Transmission Must Run and represents an arrangement between a group of generators and the AESO whereby transmission constraints around the location of the facility require the generators to generate a required level of electricity at all times. Compensation is provided to the generators through a TMR contract;

U.K. means United Kingdom;

U.S. means United States of America;

Variable Volumes means volumes transported for customers who are charged non-standard rates;

YECL means The Yukon Electrical Company Limited.

3. CORPORATE STRUCTURE

ATCO Ltd. is the successor to the business commenced in 1947 by the late S.D. Southern and R.D. Southern and was incorporated under The Companies Act (Alberta) by Certificate of Incorporation dated August 31, 1962. The Corporation was continued under the Business Corporations Act (Alberta) on March 13, 1984. The address of the head and registered office of the Corporation is 1600 ATCO Centre, 909 – 11th Avenue S.W., Calgary, Alberta T2R 1N6.

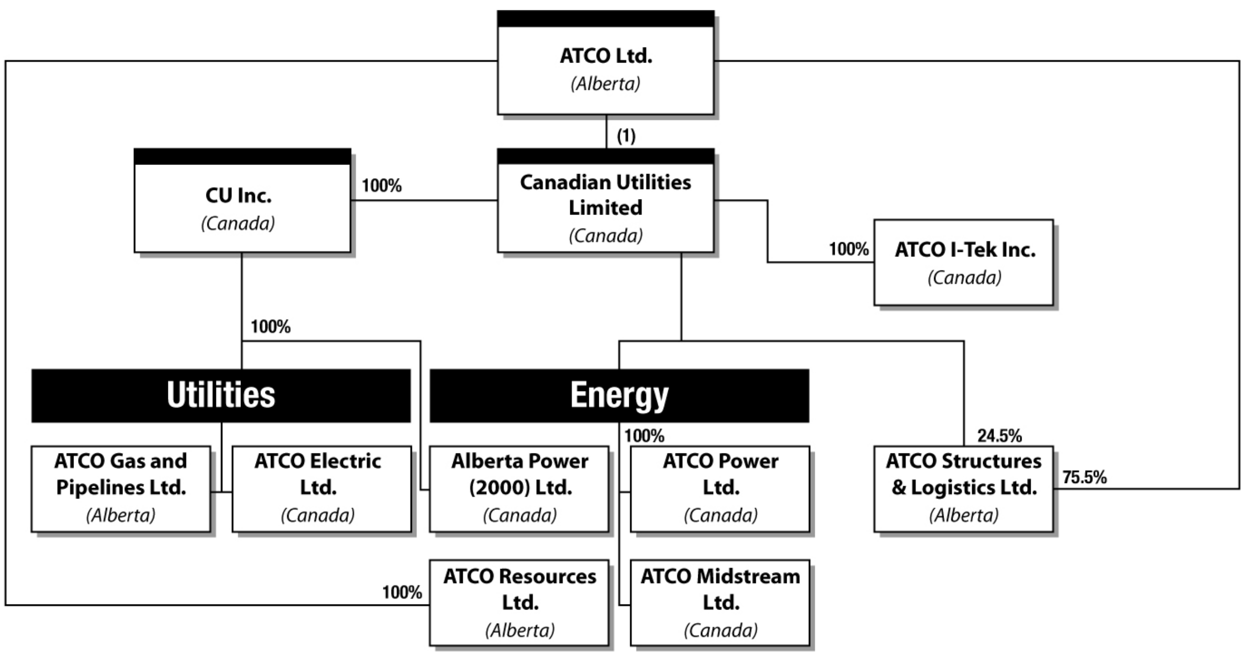
A significant change to the corporate structure of the Corporation occurred in June 1980 when ATCO Ltd. acquired a 58.1% controlling interest in Canadian Utilities from IU International Corporation of Philadelphia. The $323 million transaction resulted in the Corporation's assets totaling more than $1.0 billion.

In March 1999, CU Inc. was created as a subsidiary of Canadian Utilities to separate its regulated businesses from its non-regulated businesses and to hold all of the common shares and debt of its regulated subsidiaries. The reorganization was implemented by the transfer of all of the common shares and debt of the regulated subsidiaries from Canadian Utilities to CU Inc. in return for common shares of CU Inc. As a result of the reorganization, the Corporation's regulated operations, which had previously been financed by Canadian Utilities, are now financed by CU Inc.

3.1. Intercorporate Relationships

With more than 7,500 employees and assets approximately $10.0 billion, ATCO Group delivers service excellence and innovative business solutions worldwide with leading companies engaged in Utilities (pipelines, natural gas and electricity transmission and distribution), Energy (power generation, natural gas gathering, processing, storage and liquids extraction), Structures & Logistics (manufacturing, logistics and noise abatement) and Technologies (business systems solutions).

The following chart includes the names of the principal operating subsidiaries of the Corporation, the jurisdictions under the laws of which they are organized, and the percentages of their shares beneficially owned, or controlled or directed, directly or indirectly, by the Corporation.



<u>Note:</u>

(1) *At December 31, 2009, ATCO owned 78.3% of the Class B common shares, being the only voting securities outstanding, and 39.3% of the Class A non-voting shares of Canadian Utilities, for an aggregate ownership of 52.2%.*

4. BUSINESS DESCRIPTION

Utilities Segment

The Utilities Segment is focused on regulated activities including transmission and delivery of natural gas and electricity. Located mainly in Alberta and the Canadian north, this segment serves more than 1.2 million customers in nearly 300 communities. The Utilities Segment includes ATCO Electric and its subsidiaries (NLD, NUY and YECL) and the ATCO Gas and ATCO Pipelines divisions of AGP.

Energy Segment

The Energy Segment, through ATCO Power, Alberta Power (2000) and ATCO Resources, owns and operates both regulated and non-regulated generating plants including coal, natural gas-fired, and hydroelectric generating plants in Canada, the U.K. and Australia. ATCO Midstream is involved in non-regulated natural gas gathering, processing, storage and NGL extraction.

Structures & Logistics Segment

The Structures & Logistics Segment, through ATCO Structures & Logistics Ltd. (ASL), is engaged in the manufacture, sale and lease of transportable workforce housing and space rentals products, the rapid mobilization and provision of turnkey camp support services and facilities operations and maintenance services for clients in the resource, defence, and telecommunications sectors for both domestic and international markets. In addition, ASL is engaged in the design, supply and construction of industrial noise abatement solutions.

Corporate & Other Segment

The Corporate & Other Segment includes ATCO I-Tek and commercial real estate owned by ATCO Ltd., ATCO Investments and Canadian Utilities in Alberta. ATCO I-Tek is engaged in the development, operation and support of information systems and technologies, and the provision of billing services, payment processing, credit, collection and call centre services.

Comparison of Segmented Revenues and Earnings

Each segment's contribution to the consolidated revenue and earnings of the Corporation is as follows:

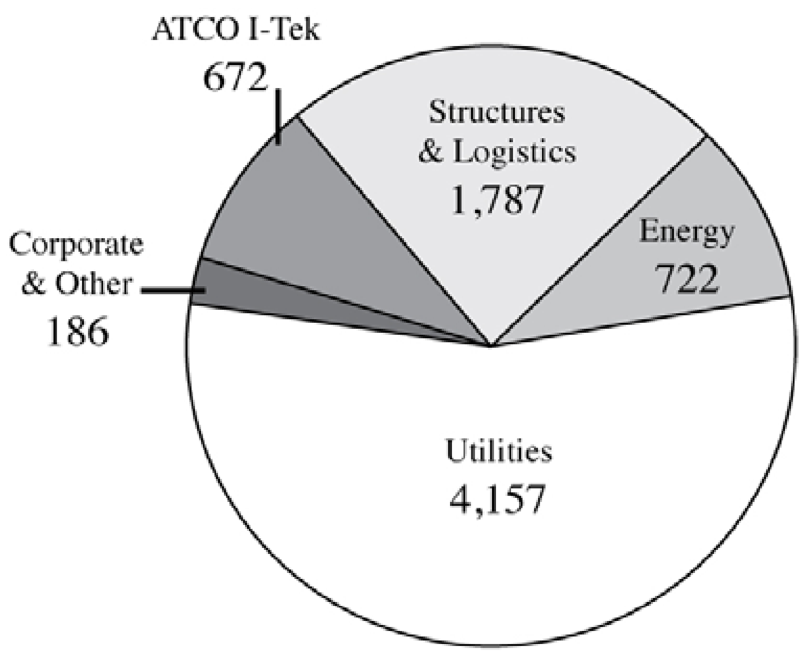
($ millions)	**2009** Revenue $	**2009** Earnings $	2008 Revenue $	2008 Earnings $	2007 Revenue $	2007 Earnings $
Utilities	**1,367.5**	**102.1**	1,260.9	78.0	1,114.6	72.5
Energy	**1,075.6**	**114.6**	1,305.0	128.7	1,165.1	117.6
Structures & Logistics	**638.8**	**61.6**	685.8	51.0	609.0	41.9
Corporate & Eliminations	**27.0**	**5.0**	13.9	14.5	13.1	17.3
Total	**3,108.9**	**283.3**	3,265.6	272.2	2,901.8	249.3

	2009 Revenue %	**2009** Earnings %	2008 Revenue %	2008 Earnings %	2007 Revenue %	2007 Earnings %
Utilities	**44.0**	**36.0**	38.6	28.7	38.4	29.1
Energy	**34.6**	**40.5**	40.0	47.3	40.2	47.2
Structures & Logistics	**20.5**	**21.7**	21.0	18.7	21.0	16.8
Corporate & Eliminations	**0.9**	**1.8**	0.4	5.3	0.4	6.9
Total	**100.0**	**100.0**	100.0	100.0	100.0	100.0

Employee Information

At December 31, 2009, the Corporation had 7,524 employees. The following chart represents the employee numbers of the Corporation:

Number of Employees



Note:
Not included in the chart are 199 employees in Energy Segment joint ventures and 897 employees in Structures & Logistics Segment joint ventures.

4.1 Three Year History

On July 1, 2009, the Corporation and its subsidiary Canadian Utilities finalized a transaction combining ATCO Structures and ATCO Noise Management, both wholly-owned subsidiaries of the Corporation, with ATCO Frontec, a wholly-owned subsidiary of Canadian Utilities. As a result of this transaction, the Corporation and Canadian Utilities have direct ownership interests of 75.5% and 24.5%, respectively, in the new corporation named ATCO Structures & Logistics Ltd. The ownership interests reflect the proportion of the respective valuations of the combined entities. The valuations were based on analysis prepared by independent financial advisors retained by the special committees of the Boards of Directors of the Corporation and Canadian Utilities.

In July 2009, the Corporation announced it had reorganized its operating subsidiaries into the following segments: Utilities, Energy, Structures & Logistics and Corporate & Other. The Utilities Segment includes ATCO Gas, ATCO Pipelines and ATCO Electric. The Energy Segment includes ATCO Power, Alberta Power (2000), ATCO Resources and ATCO Midstream. ATCO I-Tek is included in the Corporate & Other Segment.

The significant events that have influenced the general development of the business attributable to a particular segment over the past three years are as follows in reverse chronological order;

4.1.1. Utilities Segment

Throughout the previous three years, earnings in the Utilities Segment have increased due to substantial capital expenditures primarily in ATCO Electric and ATCO Gas which has increased the asset base on which the Corporation may earn a regulated return on equity. Total capital expenditures in the Utilities Segment for 2007, 2008 and 2009 were $588.9 million, $852.6 million and $776.1 million, respectively.

In the third quarter of 2009, as a result of numerous regulatory and legal proceedings, ATCO Gas received approval from the AUC to remove the Carbon natural gas storage facility (Carbon Facility) from regulation and on December 16, 2009, a review and variance decision issued by the AUC approved the effective date of removal of the Carbon Facility from regulation to be April 1, 2005. Refer to the Annual Results of Operations - Segmented Information – Utilities – Regulatory Developments – ATCO Gas – Carbon Natural Gas Storage Facility section of the MD&A which may be found on SEDAR at www.sedar.com for additional information on the Carbon Facility.

On November 12, 2009, the AUC issued its decision on the 2009 Generic Cost of Capital proceeding. In this decision, the AUC set the 2009 and 2010 generic return on equity (ROE) at 9.0% for all Alberta utilities which it regulates. This is an increase over the 8.61% ROE that the adjustment formula formerly in place would have provided for 2009. The AUC has maintained the concept of a single generic ROE for all utilities, with differences in utility or sector specific risk to be recognized through the adjustments of individual common equity ratios. The AUC determined the common equity ratio to be 36% for ATCO Electric's transmission operations, 39% for both ATCO Electric's distribution operations and ATCO Gas' operations and 45% for ATCO Pipelines' operations. As part of the same decision, the AUC also set the 2011 generic return on equity at 9.0% on an interim basis subject to change following a subsequent generic proceeding. The changes did not apply to ATCO Pipelines for 2009 since capital structure and rate of return were included in ATCO Pipelines' Negotiated Settlement. While ATCO Gas' ROE for 2008 was not impacted by the decision issued on November 12, 2009, a separate module within the generic proceeding addressed ATCO Gas' 2008 capital structure, as inclusion of this issue was removed from its 2008/2009 general rate application. The November 12, 2009 decision approved an equity ratio of 39% commencing in the year 2008 for ATCO Gas.

On November 12, 2009, the AUC issued its Income Tax Module decision in which it addressed the 2008-2009 income tax Placeholder amounts for ATCO Gas and 2009-2010 Placeholders for ATCO Electric. The AUC approved the Placeholder amounts as filed and established an income tax deferral account for ATCO Electric and ATCO Gas.

On July 2, 2009, the AUC issued a decision on ATCO Electric's 2009 and 2010 general tariff application. In the decision, the AUC used Placeholders for 2009 and 2010 information technology and customer care and billing rates and pension costs. These Placeholders will be determined by the AUC in subsequent proceedings. The Placeholders in the decision for common equity ratios, preferred share capitalization ratios and ROE were determined as a result of the Generic Cost of Capital Decision discussed above. The Placeholders in the decision for the income amounts were determined as a result of the Income Tax Module Decision discussed above.

In June 2009, ATCO Pipelines filed an application with the AUC for the integration of the ATCO Pipelines and NOVA Gas Transmission Ltd. (NOVA) gas transmission systems in Alberta (Integration Application). If approved by the AUC, the integration will allow ATCO Pipelines and NOVA to utilize their physical assets under a single rates and services structure with a single commercial interface for Alberta customers. Each company would separately manage assets within distinct operating territories within Alberta. The Integration Application, if approved by the AUC, is expected to end duplicate tolling and operational activities and result in more efficient regulatory processes. It is also subject to a settlement of ATCO Pipelines' 2010, 2011 and 2012 revenue requirements being successfully negotiated. In November 2009, ATCO Pipelines filed a request with the AUC to approve its 2010 to 2012 revenue requirement settlement application as part of its Integration Application. ATCO Pipelines expects to receive an AUC decision on the Integration Application in the first half of 2010.

In March 2009, the AUC issued a decision on ATCO Pipelines' 2008 and 2009 general rate application phase I settlement agreement which approved the settlement as filed, in its entirety. The settlement, among other things, included a return on common equity of 8.75% and a common equity ratio of 43% for both 2008 and 2009. The return on equity rate and common equity ratio for 2009 were not affected by the generic cost of capital decision.

On November 13, 2008, ATCO Gas received a decision on its general rate application for 2008 and 2009. The decision established the amount of revenue requirement ATCO Gas can recover through distribution rates for natural gas distribution service to its customers for 2008 and 2009. In the decision, the AUC used Placeholders for 2009 information and technology and customer care and billing costs. These

Placeholders will be determined by the AUC in subsequent proceedings. The Placeholders in the decision for common equity ratios, preferred share capitalization ratios and ROE were determined as a result of the Generic Cost of Capital Decision discussed above. The Placeholders for income tax amounts were determined as a result of the Income Tax Module Decision discussed above.

In September 2007, the AUC issued a decision on ATCO Electric's general tariff application for the 2007 and 2008 test years. Included in this decision were the rate of return on common equity of 8.75% for 2008 and 8.51% for 2007 and common equity ratio of 33% for transmission operations and 37% for distribution operations. The decision also directed ATCO Electric to change its income tax methodology for federal purposes.

4.1.2. Energy Segment

The Alberta power market serves a population of 3.6 million. Total consumption for 2009 was approximately 70,000,000 MWh. Peak demand for the province reached a record high of 10,236 MW on December 14, 2009. Installed electricity generating capacity at December 31, 2009 was approximately 12,800 MW and consisted primarily of 47% coal, 40% gas, 7% hydro and 4% wind.

Serving a population of 60 million, the U.K. electricity market is served by a total of 83,000 MW of electricity generating capacity of various kinds but principally made up of 34% combined-cycle gas turbines, 28% coal and 13% nuclear. In addition, the U.K. has the capacity to import from and export to France and Ireland the equivalent of 2,500 MW. Demand in 2008 was approximately 400,000,000 MWh.

The earnings from the Energy Segment are significantly influenced by generating plant availability, Spark Spreads and volatility in the Alberta and U.K. electricity markets relating to power generation activities and Frac Spreads and natural gas storage differentials relating to midstream operations. Graphs summarizing the market spot prices for Alberta Spark Spreads, Frac Spreads and gas storage differentials are shown in the Annual Results of Operations - Segmented Information – Energy section of the MD&A.

In 2006, Canada Revenue Agency (CRA) issued an income tax reassessment for Alberta Power (2000)'s 2001 taxation year which treated the proceeds received from the sale of the H.R. Milner generating plant to the Balancing Pool as income rather than as a sale of an asset. The Corporation disagreed with CRA's position and appealed the reassessment to the Tax Court of Canada. On August 21, 2009, Alberta Power (2000) received a judgment from the Tax Court of Canada ordering CRA to reverse its 2006 reassessment of Alberta Power (2000)'s 2001 tax return. On September 30, 2009, the appeal period for the judgment elapsed without an appeal from CRA.

Frac Spreads are affected by the price of oil and natural gas, inventories and demand. In general, the industry indicative Frac Spread has been increasing over the past several years. Gas storage differentials follow seasonal differences (summer/winter) in the price of natural gas (price differentials). Price differentials have been volatile in recent years due to the supply/demand variability in the natural gas market place.

In November 2008, ATCO Power announced it would design, build, own and operate a two unit 86 MW natural gas-fired simple cycle generating plant in Karratha, Western Australia. The financing was completed in January 2009 and construction commenced in March 2009 with the first unit expected to be completed by February 2010 and the second unit in April 2010. ATCO Power owns 100% of the plant.

On September 16, 2008, ATCO Power announced that it had completed construction of a 45 MW unit at its natural gas-fired simple cycle generating plant located at Valleyview, Alberta. This is ATCO Power's second power generating unit at Valleyview.

On January 30, 2008, the 150 MW Unit 4 at Alberta Power (2000)'s Battle River generating plant experienced an unplanned outage due to a failure in the unit's generator. The unit returned to service on March 27, 2008. Alberta Power (2000) claimed relief under the force majeure provisions of its PPA. On July 11, 2008, the Balancing Pool notified Alberta Power (2000) that it disagreed with Alberta Power (2000)'s claim for relief under the force majeure provisions of the PPA. Unless settlement on the claim can be reached with the PPA counterparty, it is anticipated that this claim will proceed to arbitration.

On October 25, 2007, ATCO Power's 1,000 MW Barking generating plant in the U.K. experienced an unplanned outage due to failure in a steam turbine generator. On March 6, 2008, ATCO Power announced that the plant had returned to service. This outage reduced the plant capacity to approximately 400 MWs during this period. During the first quarter of 2008, $8.1 million of business interruption and property damage insurance proceeds were recorded. The final insurance settlement will be determined once repairs associated with the outage are complete, which is expected to be in the second quarter of 2010.

ATCO Power has long term contracts for the supply of natural gas for certain of its power generation projects. Under the terms of certain of these contracts, the volume of natural gas that ATCO Power is entitled to take is in excess of the natural gas required to generate power. As the excess volume of natural gas can be sold, ATCO Power is required, due to the rules for accounting for financial instruments, to designate these entire contracts as derivative instruments. ATCO Power recognized a non-current derivative asset of $59.0 million on January 1, 2007; thereafter, ATCO Power recorded mark-to-market adjustments through earnings as the fair values of these contracts changed with changes in natural gas prices. As all but the excess volume of natural gas is committed to ATCO Power's power generation obligations, ATCO Power could not recognize the entire fair values of these natural gas purchase contracts in its revenues. Consequently, on January 1, 2007, ATCO Power recognized a provision for a power generation revenue contract in the amount of $44.8 million; thereafter, ATCO Power recorded adjustments for the natural gas purchase contracts derivative assets. This power generation revenue contract liability is included in deferred credits in consolidated balance sheet.

4.1.3. Structures & Logistics Segment

The current company name, ATCO Structures & Logistics Ltd. (ASL), has been used to describe the developments of predecessor companies, ATCO Structures and ATCO Frontec, prior to the amalgamation on July 1, 2009.

The earnings from ASL are significantly influenced by the levels of activity in the natural resource, defence and construction sectors. During the past three years, there has been significant growth in ASL driven primarily by increased natural resources activity in the Alberta Oilsands, South America and Australia. In addition, strong construction activity in the United Arab Emirates and increased defence sector activity in Afghanistan have fueled further growth.

On December 2, 2008, ASL announced that its contract to design, manufacture and install the 2,000-person workforce housing camp for the Fort Hills Energy Limited Partnership (FHELP) oil sands project north of Fort McMurray had been cancelled. ASL had completed approximately 25 per cent of the contract at the time of cancellation. In February 2009, ASL reached a cancellation settlement with FHELP.

On July 3, 2008, Al Habtoor - ATCO Modular Building Solutions Contracting LLC, a partnership between ATCO Structures Pty Ltd. and Al Habtoor Engineering, was chosen to design and manufacture a 20,000 person workforce housing complex in Abu Dhabi, United Arab Emirates. Comprised of sleeping accommodations, recreational amenities, kitchen, dining and laundry facilities, this complex is the largest in ASL's history. The complex will house approximately one-third of the workers hired to build infrastructure projects on the resort island of Saadiyat, located 500 metres offshore from Abu Dhabi.

On April 28, 2008, partners ASL and the Fort McKay First Nation announced they were selected by Suncor Energy to create and operate a more than 1,000 room accommodation complex to support oil sands development north of Fort McMurray located on Fort McKay land. In October 2008, a 603 room expansion was completed and opened for operations, under a service agreement with Albian Sands Energy Inc. The name of this project is Barge Landing.

On April 14, 2008, ASL announced that the 500-room Creeburn Lake Lodge north of Fort McMurray, Alberta had commenced operations.

In June 2007, ASL was awarded five NATO support contracts at the Kandahar Airfield in Afghanistan for up to five years. Specific sectors of responsibility include fire and crash rescue, visiting aircraft services, roads and grounds maintenance, facility maintenance, construction, engineering, equipment and vehicle maintenance, aircraft movement control and terminal transport, accommodation services, supply operations, airfield mechanical transport, delivery of potable water, sewage management, and waste management and disposal.

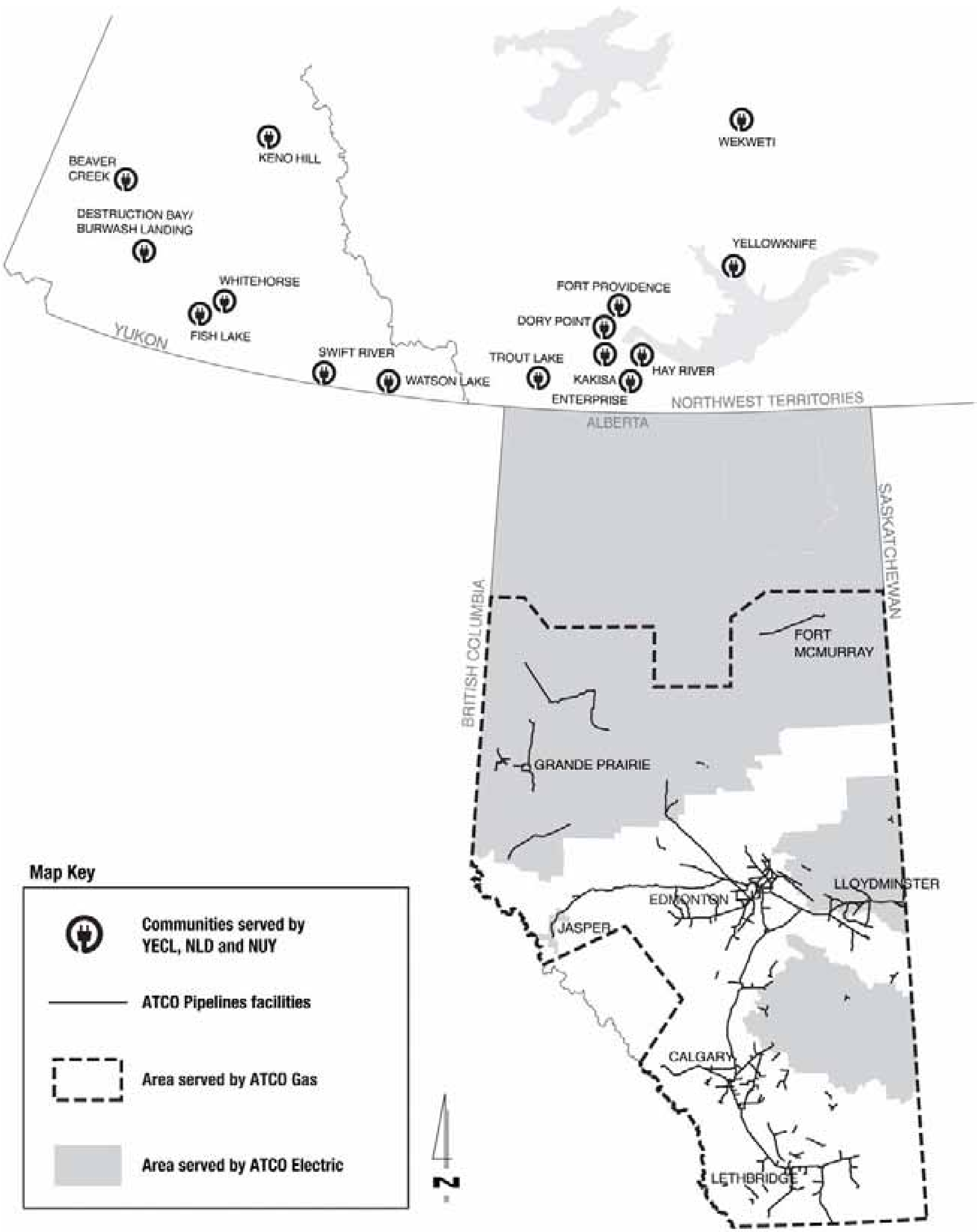
4.2. Detailed Business Description

Following is a general description of the nature of the activities within each of the segments within the Corporation.

4.2.1. Utilities Segment

The activities of the Utilities Segment are conducted primarily through ATCO Electric, ATCO Gas and ATCO Pipelines and are conducted within Western Canada as shown in the following map:

Location of Utilities Segment Operations



Government Regulation

ATCO Electric, ATCO Gas and ATCO Pipelines are regulated primarily by the AUC, which administers acts and regulations covering such matters as rates, financing, accounting and service area. These utilities are subject to a cost of service regulatory mechanism under which the AUC establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. Rate base for each utility is the aggregate of the AUC approved investment in property, plant and equipment and intangible assets, less accumulated depreciation and amortization, reserves for future removal and site restoration, and unamortized contributions by utility customers for extensions to plant, plus an allowance for working capital. The utilities earn a return on rate base intended to meet the cost of the debt and preferred share components of rate base and to provide share owners with a fair return on the common equity component of rate base. The determination of a fair return to the common shareholders involves an assessment by the regulator of many factors, including returns on alternative investment opportunities of comparable risk and the level of return which will enable a utility to attract the necessary capital to fund its operations and to maintain financial integrity.

The regulated operations of the Corporation in the Yukon Territory (YECL) and the Northwest Territories (NUY and NLD) are subject to regulation similar to that in effect in Alberta by regulatory authorities in those jurisdictions.

The competitive conditions in the areas and industry where the Utilities Segment participates are limited and therefore are subject to regulation by the relevant authorities. Under the regulated environment, the ability to grow is generally subject to additional approved capital expenditures within existing operating areas or the ability to secure additional regulated areas for operation.

On November 12, 2009, the AUC issued its decision on the 2009 Generic Cost of Capital proceeding. In this decision, the AUC set the 2009 and 2010 generic return on equity at 9.0% for all Alberta utilities which it regulates. Refer to Three Year History – Utilities section for a more detailed description of the 2009 Generic Cost of Capital Decision.

Particulars of the most recent final decisions made by the AUC respecting general rate applications or negotiated settlements filed by the principal regulated subsidiaries of the Corporation are detailed in Appendix 1.

ATCO Electric

ATCO Electric is engaged in the regulated business of transmitting and distributing electric energy to 245 communities as well as rural areas in east-central and northern Alberta. Included are the communities of Drumheller, Lloydminster, Grande Prairie and Fort McMurray as well as the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River. ATCO Electric is headquartered in Edmonton and has 38 offices throughout its service area. Electric utility service is also provided to one community in British Columbia and to two communities in Saskatchewan. YECL serves 19 communities in the Yukon Territory, including the capital city of Whitehorse, and NUY and NLD serve 9 communities in the Northwest Territories, including the capital city of Yellowknife.

The population of the principal markets for electric utility service by ATCO Electric, NUY, NLD and YECL is approximately 486,800 and service is provided to approximately 233,100 customers. ATCO Electric has been assigned approximately 65% of the designated service area within Alberta which contains approximately 14% of the existing provincial electrical load and 12% of the existing population.

The number of customers served by ATCO Electric, NUY, NLD and YECL as at the end of each of the last two years was as follows:

	2009		2008	
	Number	**%**	Number	%
Industrial	**11,229**	**5**	11,183	5
Commercial	**30,946**	**13**	30,274	13
Residential	**160,611**	**69**	156,539	69
Rural, REAs and other	**30,355**	**13**	30,168	13
Total	**233,141**	**100**	228,164	100

Electricity distributed to the various classes of customers for each of the last two years was as follows:

	2009		2008	
	GWhrs	**%**	GWhrs	%
Industrial	**6,552**	**63**	6,804	64
Commercial	**2,132**	**20**	2,079	20
Residential	**1,232**	**12**	1,200	11
Rural, REAs and other	**515**	**5**	511	5
Total	**10,431**	**100**	10,594	100

ATCO Electric, NUY, NLD and YECL own and operate extensive electric transmission and distribution systems. The systems consist of approximately 9,600 km of main transmission lines and 62,500 km of distribution lines. In addition, ATCO Electric delivers power to and operates approximately 12,000 km of REA-owned distribution lines.

ATCO Electric, NUY, NLD and YECL own and operate 28 diesel, natural gas turbine and hydro generating plants having an aggregate nameplate capacity of 65 MW in Alberta and in the Yukon and Northwest Territories. The maximum peak load demand for these plants during the year ended December 31, 2009, was 30 MW.

ATCO Electric, YECL, NUY and NLD distribute electricity to incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued pursuant to applicable statutes.

The franchises under which service is provided in incorporated communities in Alberta and in the Northwest Territories have been granted for periods of up to 20 years. These franchises are exclusive to ATCO Electric, NUY or NLD and are renewable by agreement for further periods not exceeding 10 years. If any franchise is not renewed, it remains in effect until such time as either party, with the approval of the prevailing regulatory authority, terminates it on six months written notice. Upon termination of a franchise the municipality may purchase the facilities used in connection with that franchise at a price to be agreed upon or, failing agreement, to be fixed by the prevailing regulatory authority. The franchise under which service is provided in the Yukon Territory was granted under the Public Utilities Act (Yukon Territory) and has no set expiry date.

Under the EUA, wholesale tariffs for transmission of electricity must be approved by the AUC. The transmission tariffs allow any owner of a generating unit to have access to the transmission system in Alberta 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.

The equalization of transmission costs is achieved by having each owner of transmission facilities charge its costs to the AESO. The AESO then aggregates these costs and charges a common transmission rate to all who use the transmission system.

The AESO has developed and approved rules as mandated in the Transmission Regulation as amended from time to time. These rules stipulate that new transmission projects will be assigned to the Transmission Facility Owners based on the service areas of the distribution companies they have been historically affiliated with. Ownership of facilities will change at service area boundaries except where, in the opinion of the AESO, only a small portion of the project is in another service area. The rule applies to all transmission projects except those projects deemed as “critical” by the Government of Alberta.

The Electric Statutes Amendment Act enacted in 2009 creates a category of transmission projects known as Critical Transmission Infrastructure (CTI). A key feature of CTI is that these projects will not necessarily be assigned to the Transmission Facility Owners based on service area. Instead, CTI ownership may be determined through a competitive process or through assignment by the Minister of Energy. CTI facilities do not include all future transmission projects, but are limited to projects which the Government of Alberta determines are critical to the safe, reliable and economic operation of the interconnected electric system. An important feature of CTI is that the government, rather than AUC, has the authority to approve the need for the facilities. The Act names certain immediately required CTI projects, including the east Edmonton to Calgary 500 kV high-voltage direct current project which has been assigned to ATCO Electric.

Under the EUA, separate retail rates for distribution must be approved by the AUC. Costs of distribution are not equalized across distribution utilities within the province. The distribution utility provides the distribution services for all customers under AUC approved tariffs which provide for the recovery of the cost of service, including a fair return on rate base.

ATCO Gas

ATCO Gas is an Alberta-based, regulated natural gas distribution business, primarily engaged in the business of distributing natural gas throughout Alberta and in the Lloydminster area of Saskatchewan. ATCO Gas serves more than one million customers in nearly 300 Alberta communities and is headquartered in Edmonton, Alberta, with more than 60 district offices across the province. ATCO Gas provides service to municipal, residential, business and industrial customers.

ATCO Gas' principal markets for the distribution of natural gas are in the communities of Edmonton, Calgary, Airdrie, Fort McMurray, Grande Prairie, Lethbridge, Lloydminster, Red Deer, Spruce Grove, St. Albert and Sherwood Park, which have a combined population of approximately 2,345,000. Also served are 279 smaller communities as well as rural areas having a combined population of approximately 622,000, located on or in the vicinity of ATCO Pipelines' transportation systems or the natural gas transportation pipelines of other companies. As of December 31, 2009, ATCO Gas provided 1,037,412 customers with natural gas service, of whom approximately 75% were located in the 11 communities named above.

The number of customers served by ATCO Gas as at the end of each of the last two years was as follows:

	2009		2008	
	Number	**%**	Number	%
Residential	**949,473**	**92**	935,269	92
Commercial	**87,561**	**8**	86,517	8
Industrial	**351**	**-**	351	-
Other	**27**	**-**	30	-
Total	**1,037,412**	**100**	1,022,167	100

The quantities of natural gas distributed by ATCO Gas for each of the last two years were as follows:

	2009		2008	
	Petajoules	**%**	Petajoules	%
Residential	**122.0**	**49**	116.5	49
Commercial	**113.7**	**45**	107.1	45
Industrial	**13.7**	**6**	14.3	6
Other	**0.4**	**-**	0.4	-
Total	**249.8**	**100**	238.3	100

ATCO Gas owns and operates approximately 37,700 km of distribution mains. In addition, ATCO Gas owns service and maintenance facilities in major centres in Alberta.

ATCO Gas owns a 43.5 petajoule natural gas storage facility at Carbon, Alberta. Since April 1, 2005, ATCO Gas has leased the entire storage capacity of the Carbon Facility to ATCO Midstream. Refer to the Annual Results of Operations - Segmented Information – Utilities – Regulatory Developments – ATCO Gas – Carbon Natural Gas Storage Facility section of the MD&A which may be found on SEDAR at www.sedar.com for additional information on the Carbon Facility.

ATCO Gas distributes natural gas in incorporated communities under the authority of franchises or by-laws and in rural areas under approvals, permits or orders issued pursuant to applicable statutes. ATCO Gas currently has 166 franchise agreements with communities throughout Alberta.

In Edmonton, distribution of natural gas is carried on under the authority of an exclusive franchise. In 2004, ATCO Gas entered into an agreement with the City of Edmonton for a 10 year renewal of the franchise to November 15, 2015. The franchise renewal is subject to the right of the City of Edmonton, at the end of the renewal period, to purchase all of ATCO Gas' assets used in supplying natural gas to the City. The purchase price would be determined by an arbitration process according to the arbitration laws of Alberta. Although the franchise agreement gives the City certain rights of purchase, since 1935 the City has granted renewals for 10 year periods.

In Calgary, distribution of natural gas is carried on under the authority of a municipal by-law. The rights of ATCO Gas under this by-law, while not exclusive, are unrestricted as to time. The by-law does not confer any right on the City of Calgary to acquire the facilities used in providing the service.

The franchises under which service is provided in other incorporated communities in Alberta have been granted for periods of up to 20 years. These franchises are exclusive to ATCO Gas and are renewable by agreement for further periods not exceeding 20 years. If any franchise is not renewed, it remains in effect until such time as either party, with the approval of the prevailing regulatory authority, terminates it on six months written notice. Upon termination of a franchise the municipality may purchase the facilities used in connection with that franchise at a price to be agreed upon or, failing agreement, to be fixed by the prevailing regulatory authority.

ATCO Pipelines

ATCO Pipelines is a regulated business engaged in the transmission of natural gas throughout Alberta. It is headquartered in Calgary, Alberta, and has 222 customers including producers, industrial users and gas distribution companies located in Edmonton, Calgary, Red Deer, Lethbridge, Lloydminster, Grande Prairie, Ft. McMurray and nearly 300 other smaller communities.

ATCO Pipelines receives natural gas on its pipeline system at various gas processing plants throughout Alberta and transports it to end users within the province or other pipeline systems for export out of the province. Higher demand allows ATCO Pipelines to bring on additional gas volumes to its system from producers to maintain the balance between supply and demand.

ATCO Pipelines' revenues are based primarily on contractual arrangements for access to its transmission systems. Contract demand for access, and Interruptible (IT), Overrun (OR) and Variable Volumes for each of the last two years were as follows:

	2009		2008	
	Terajoules/day	**%**	Terajoules/day	%
Contract Demand:				
Producer	**1,244**	**24**	1,354	25
Industrial	**913**	**17**	1,023	19
Distribution	**110**	**2**	107	2
Affiliates	**2,610**	**49**	2,550	46
Sub-total	**4,877**	**92**	5,034	92
IT/OR/Variable Volumes:				
Producer	**135**	**2**	154	3
Industrial	**301**	**6**	295	5
Sub-total	**436**	**8**	449	8
Total Contract Demand and IT/OR/Variable Volumes	**5,313**	**100**	5,483	100

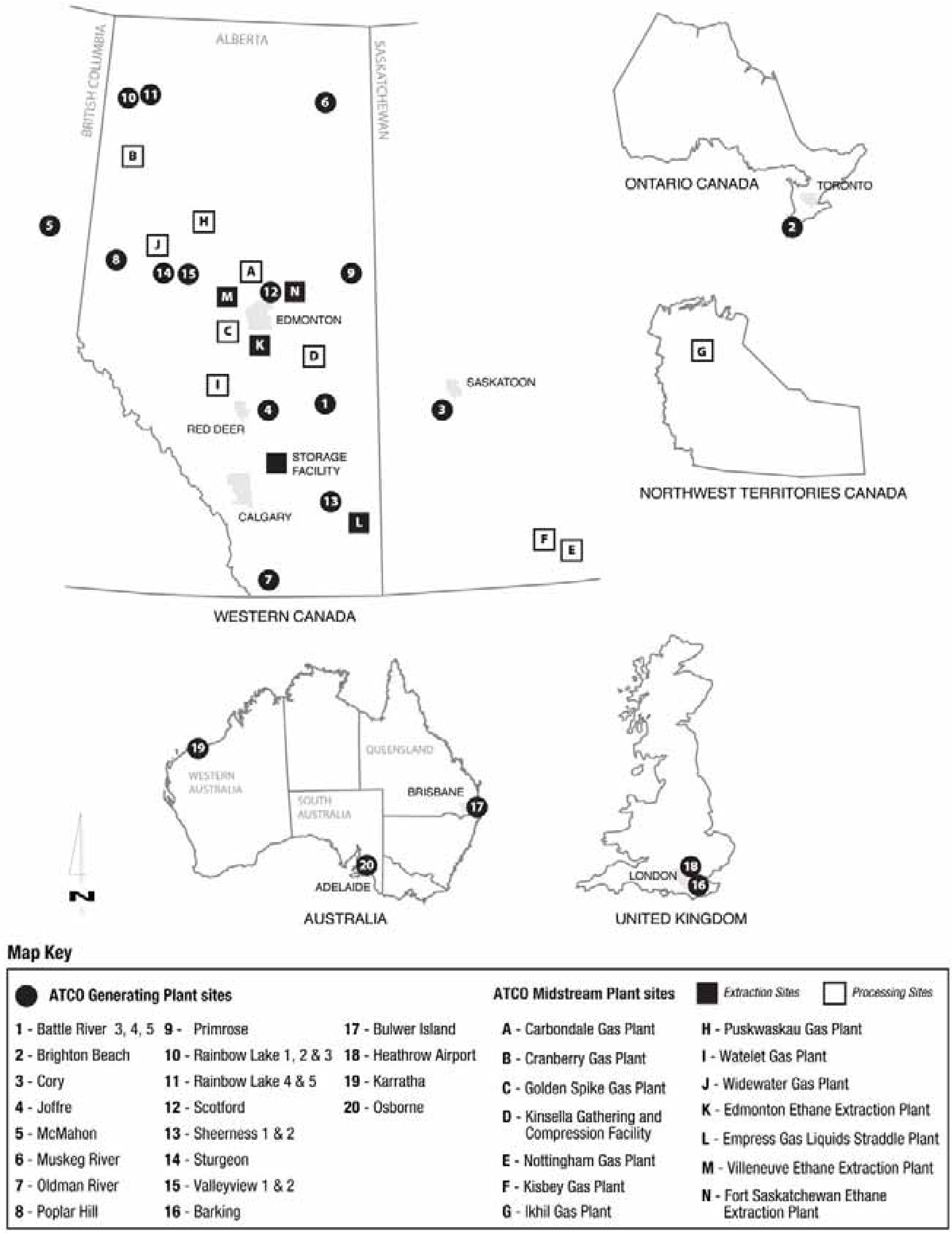
ATCO Pipelines owns and operates extensive natural gas transmission systems. The systems consist of approximately 8,560 km of pipelines, 22 compressor sites and a connection to the salt cavern storage peaking facility located near Fort Saskatchewan, Alberta. The systems have 190 producer receipt points, 48 interconnections with TransCanada Pipelines Limited, five interconnections with Alliance Pipeline, and one interconnection with Many Islands Pipelines. The maximum peak delivery capability of the ATCO Pipelines system is 3.8 billion cubic feet per day.

On September 8, 2008, ATCO Pipelines and NOVA Gas Transmission Ltd. (NOVA) announced a proposed agreement to provide natural gas transmission service to their customers. The proposal will allow ATCO Pipelines and NOVA to utilize their physical assets under a single rates and services structure with a single commercial interface for Alberta customers. Each company would separately manage assets within distinct operating territories within Alberta. This proposal, if approved by the AUC, is expected to end duplicate tolling and operational activities and result in more efficient regulatory processes. Refer to the Annual Results of Operations - Segmented Information – Utilities – ATCO Pipelines - Alberta System Integration section of the MD&A for additional information on the Alberta System Integration.

4.2.2. Energy Segment

The activities of the Energy Segment are conducted through ATCO Power, Alberta Power (2000), ATCO Resources and ATCO Midstream. The Energy Segment has operations in Canada, U.K. and Australia as shown in the following map:

Location of Energy Segment Operations



Power Generation

Power generation activities within the Energy Segment are conducted through ATCO Power, Alberta Power (2000) and ATCO Resources. The power generation activities are focused on owning, operating and developing generating plants in the U.K., Australia and throughout Canada.

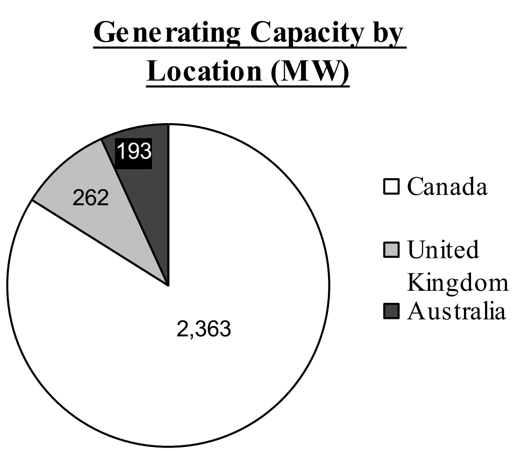
Following deregulation of the electricity market in Alberta, certain regulated assets of ATCO Electric were transferred to Alberta Power (2000). The assets transferred included the generating plants at Battle River, Sturgeon, Rainbow units 1, 2 & 3 and a 50% share in Sheerness. The Rainbow and Sturgeon assets are no longer regulated.

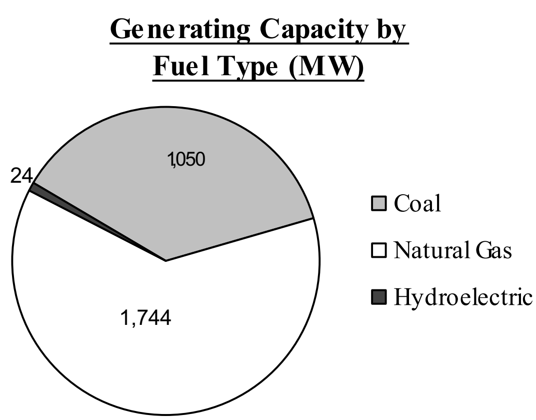
The Energy Segment has an ownership position in generating plants with a total capacity, including partner's interest, of 4,971 MW. ATCO Power operates 4,752 MW of this capacity and owns 2,818 MW. These capacities include the Karratha generating plant which is currently under construction with commissioning of the first unit expected in February 2010 and the second unit in April 2010.

ATCO Power is involved in joint ventures with a wide range of partners, including other generators, distribution companies, oil and gas companies and steam hosts. The ownership in these partnerships includes municipally and state-owned utilities, and public and private companies in three different countries. ATCO Power's role in each arrangement is tailored to the specific needs of each project. ATCO Power generally provides the operation of the power and steam generation facilities ensuring secure supply with, in the case of some projects, the opportunity to sell uncontracted electricity into the electricity market or uncontracted capacity into the market in the form of Ancillary Services.

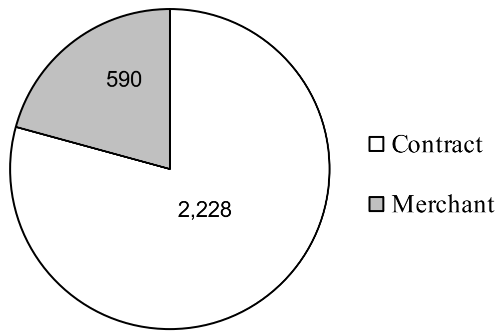
Details of the generating plants which are operating or under construction at December 31, 2009, are shown in Appendix 2.

The following charts illustrate the approximate proportion of owned generating capacity displayed by the location of the facilities, the fuel types in the portfolio and contract versus merchant portions of owned capacity:





Electricity Market Exposure in Portfolio (MW)



Foreign operations in the power generation activities of the Energy Segment represent 16% of the owned capacity.

Within the Energy Segment's portfolio of power generation projects, 62% of capacity is fueled by natural gas, 37% by coal and 1% is from a hydroelectric facility. The natural gas used to supply generation plants is procured in a variety of manners. There are tolling arrangements for the Brighton Beach and Cory generating plants whereby the customers supply gas at their own cost and the combined-cycle facilities convert the gas to electricity on behalf of the customer. At the cogeneration and remaining combined-cycle plants, gas is procured either through the terms of a long-term gas supply agreement or directly through the site host. The terms of revenue contracts on these sites result in gas cost recovery being built into the tariff charged to the customer. For the remainder of facilities and for the merchant portion of the combined-cycle and cogeneration plants, gas is procured from the Alberta and U.K. markets.

Alberta Power (2000)

The Battle River and Sheerness generating plants of Alberta Power (2000) were regulated by the AUC until December 31, 2000, but are now governed by legislatively mandated PPAs that were approved by the AUC. These plants are included in regulated operations primarily because the PPAs are designed to allow the owners of generating plants constructed before January 1, 1996 to recover their forecast fixed and variable costs and to earn a return at the rate specified in the PPAs. Each generating plant will become deregulated upon the earlier of one year after the expiry of its PPA or a decision to continue to operate the plant. For PPAs expiring prior to 2019, Alberta Power (2000) has one year after the expiry of a PPA to determine whether to decommission the generating plant in order to fully recover plant decommissioning costs or to continue to operate the plant and be responsible for the decommissioning costs. For PPAs expiring after 2018, decommissioning costs are the responsibility of the plant owner. Each PPA is to remain in effect until the earlier of the last day of the estimated life of the related generating plant or December 31, 2020.

Over 99% of the electricity generated in Alberta Power (2000) is generated by the Sheerness and Battle River generating plants. The electricity generated is sold pursuant to PPAs. Under the PPAs, Alberta Power (2000) is required to make the generating capacity for each generating unit available to the purchaser of the PPA for that unit. In return, Alberta Power (2000) is entitled to recover its forecast fixed and variable costs for that unit from the PPA purchaser, including a return on common equity equal to the long term Government of Canada bond rate plus 4.5% based on a deemed common equity ratio of 45%. Many of the forecast costs will be determined by indices, formulae or other means for the entire period of the PPA. Alberta Power (2000)'s actual results will vary and depend on performance compared to the forecasts on which the PPAs were based. The return on common equity rate used in its PPA tariff calculations for Alberta Power (2000) was 8.64% in 2009 and 8.88% for 2008. The rate of return on common equity for 2010 is 8.44%.

All the coal fuel requirements relate to the Battle River and Sheerness generating plants which have a coal supply agreement with Prairie Mines & Royalties Limited (PMRL). PMRL operates the mining leases adjacent to the generating plants. The coal reserves of the mine are owned, leased or controlled jointly by the generating plant owners and PMRL. The coal supply agreement for Battle River extends until 2012 and includes extension rights in five year increments. Alberta Power (2000) is currently negotiating the extension of the agreement. The coal supply agreement for Sheerness extends to the earlier of 2026 or the exhaustion of the coal supply.

ATCO Midstream

ATCO Midstream owns and operates a portfolio of non-regulated natural gas gathering, processing and extraction facilities in Alberta, Saskatchewan and the Northwest Territories. ATCO Midstream provides natural gas procurement and load balancing services for other ATCO subsidiaries. ATCO Midstream also provides management services for ATCO Gas' Carbon natural gas storage facility and markets storage services.

Natural Gas Gathering and Processing Operations

ATCO Midstream owns or has an interest in ten natural gas gathering and processing facilities (seven of which ATCO Midstream operates) with a net gathering and processing capacity of 223 million cubic feet per day. In addition, ATCO Midstream owns approximately 1,000 km of field gathering lines. Natural gas production connected to ATCO Midstream's natural gas gathering systems is processed for a fee or purchased, processed and sold in accordance with third party contractual arrangements. Approximately 75% of ATCO Midstream's net processing capacity is capable of processing sour gas.

The gas gathering and processing assets are in close proximity to customers and potential new customers. ATCO Midstream provides a unique network of reliable, proven facilities that provide gathering and processing services to producers.

ATCO Midstream's natural gas processing plants, with their respective licensed capacities, are shown below:

Facility	Date in Service	Licensed Capacity (mmcf/day)	Ownership	Net Ownership (mmcf/day)	Operator
Carbondale Gas Plant	1991	56	100.0%	56	Yes
Cranberry Gas Plant	1981	36	100.0%	36	Yes
Golden Spike Gas Plant	1999	65	100.0%	65	Yes
Ikhil Gas Plant	1999	8	33.3%	3	No
Kinsella Gathering and Compression Facility	1996	20	100.0%	20	Yes
Kisbey Gas Plant	2000	2	50.0%	1	Yes
Nottingham Gas Plant	1985	18	7.9%	1	No
Puskwaskau Gas Plant	1996	21	41.0%	9	No
Watelet Gas Plant	1998	20	100.0%	20	Yes
Widewater Gas Plant	2001	12	100.0%	12	Yes
		258		223	

Natural Gas Liquids Extraction Operations

ATCO Midstream owns or has an interest in four NGL extraction facilities, three of which ATCO Midstream operates. The NGL facilities extract ethane and other NGLs from natural gas flowing through contracted pipelines. ATCO Midstream's net ownership in the processing capacity of the facilities is over 411 million cubic feet per day of natural gas which produces approximately 17,900 barrels per day of NGLs.

Facility	Date in Service	NGL Extracted	Licensed Capacity (mmcf/day)	Ownership	Net Ownership (mmcf/day)	Operator
Edmonton Ethane Extraction Plant	1978	(1)	390	51.3%	200	No
Empress Gas Liquids Straddle Plant	1983	(1)	1,100	12.2%	134	Yes
Fort Saskatchewan Ethane Extraction Plant	1984	(2)	37	100.0%	37	Yes
Villeneuve Ethane Extraction Plant	1997	(2)	40	100.0%	40	Yes
			1,567		411	

Notes:
(1) Ethane and a mixture of propane, butane and pentanes plus.
(2) A mixture of ethane, propane, butane and pentanes plus.

Natural Gas Storage Operations

ATCO Midstream manages ATCO Gas' natural gas storage facility at Carbon, Alberta. The facility is a natural gas reservoir with a storage capacity of 43.5 petajoules, a maximum injection rate of 400 terajoules per day and a maximum withdrawal rate of 600 terajoules per day. The facility is connected to multiple transmission pipeline systems and has been in service for more than 40 years, making it one of the more established and reliable gas storage facilities in Western Canada. Since April 1, 2005, ATCO Midstream has leased from ATCO Gas the full storage capacity of the facility.

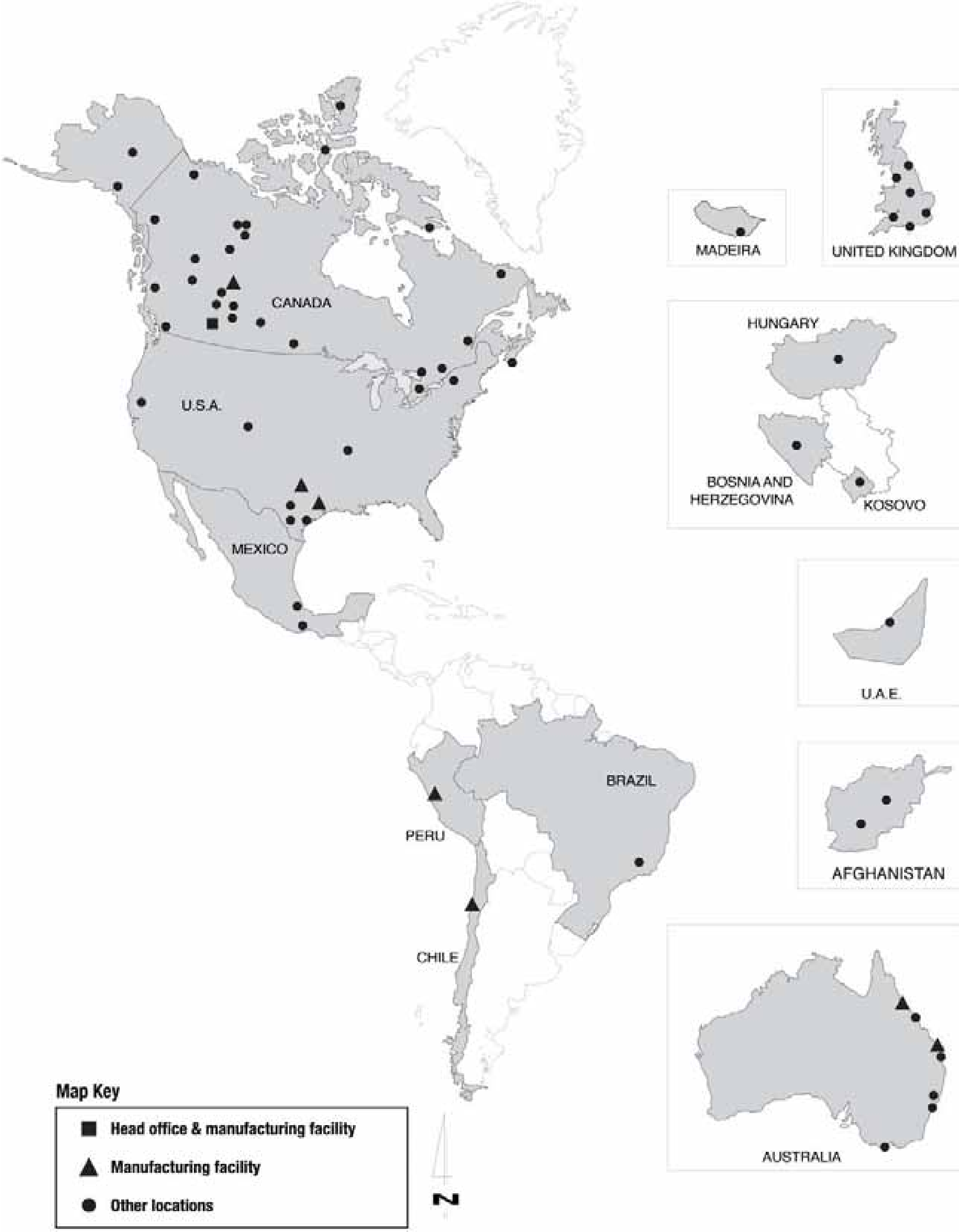
ATCO Midstream provides customized storage, natural gas procurement and transportation services that are individually tailored to each customer's specific needs. Services offered range in terms from a daily to an annual basis and are offered to financial institutions, marketing companies, pipelines, retail energy providers and producers.

4.2.3. Structures & Logistics Segment

The Structures & Logistics Segment is involved in the manufacture, sale and lease of transportable shelters, rapid mobilization and provision of services in challenging operational environments worldwide. The Segment is comprised of four operating divisions: Modular Structures, Camp Support Services, Facilities Operations & Maintenance, and Construction. Since 1947, the Modular Structures division has marketed and installed its manufactured products in over 100 countries and has established a reputation as a leader in the international supply of relocatable shelter solutions. Since 1988, the Facilities Operations & Maintenance division has delivered services to various clients active in the resource, defence and telecommunications sectors. From large information technology systems to radar sites, deployed military operations to mining camps, fuel tank farms to airports, Facilities Operations & Maintenance provides a range of turnkey solutions to ensure the integrity and effectiveness of its customers' assets and operations. The Camp Support Services division provides turnkey solutions including accommodations, catering, waste management and maintenance. The Construction division provides the design, supply and construction of industrial noise abatement solutions.

ASL is headquartered in Calgary, Alberta, with facilities, projects and operations in Canada, the U.S., Mexico, South America, Australia, U.K., Afghanistan, Hungary, Portugal, Bosnia and Herzegovina, Kosovo and the United Arab Emirates as shown in the following map:

<u>**Location of Structures & Logistics Segment Operations**</u>



ATCO

Modular Structures

In Modular Structures, the two main areas of revenue generation are workforce housing and space rentals. Workforce housing is mainly used by the natural resources sector and supporting industries while space rentals are mainly used by schools, community groups and construction operations.

Workforce Housing

In the workforce housing business, ASL sells and leases workforce housing products including prefabricated standardized or custom units that are designed to be assembled into self-contained camps complete with sleeping accommodation, kitchen, dining and recreation facilities. The units are made for all weather conditions and are fully transportable. The fleet is maintained to meet the latest standards set by the building industry and trade unions and is refurbished and upgraded as required. ASL also purchases used workforce housing units from customers which are then retrofitted as required and made available for resale or lease in the workforce housing market.

Demand for workforce housing products is directly related to the capital spending cycle and the level of development activity in various industries, but primarily the natural resources sector. The utilization rate for the workforce housing fleet averaged 74% for 2009 and 80% for 2008.

Space Rentals

The space rentals business is located in Canada, Australia, the U.K., Chile and Peru. The space rentals business involves the lease and sale of relocatable modular offices, classrooms and other community structures. The space rentals fleet consists of on-site structures such as site offices, lunchrooms, storage facilities, lavatories, first-aid units and locker rooms, and modular commercial and community structures such as office complexes and classrooms. On-site structures are used primarily by construction companies on urban and rural construction sites. Commercial and community structures, although relocatable, are generally used as more permanent facilities by a wide range of private and public sector customers.

Space rentals products are generally offered to customers under lease packages that may include options to purchase. The terms of leases generally vary from one month to five years. Customers with longer term requirements typically purchase rather than lease. Sales from the fleet assist in maintaining a modern inventory of space rentals units. The utilization rate for the space rentals fleet averaged 73% for 2009 and 81% for 2008.

Number of Units in Lease Fleet

	2009		2008	
	Workforce Housing	**Space Rentals**	Workforce Housing	Space Rentals
Canada	**1,093**	**2,670**	1,153	2,872
Australia	**619**	**7,494**	580	7,075
United Kingdom	**-**	**1,609**	-	1,585
South America	**704**	**1,475**	574	1,295
Other	**-**	**-**	18	-
Total	**2,416**	**13,248**	2,325	12,827

Manufacturing

The Modular Structures division manufactures products at nine global facilities, located in Canada (Edmonton and Calgary, Alberta); United States (Diboll and Wichita Falls, Texas); South America (Santiago, Chile, and Lima, Peru); and Australia (Brisbane (2) and Townsville).

In Canada, the principal manufacturing facility is located on a 22-acre site in Calgary known as the ATCO Industrial Park, with approximately 275,000 square feet of production and office space.

The ASL Spruce Grove manufacturing facility is located 15 km west of Edmonton, Alberta. This 90,000-square-foot facility was originally used only for service and maintenance work, but since 1995 has also been used as an overflow manufacturing facility, principally for the space rental and workforce housing fleet.

In the U.S., ASL operates a leased 90,000-square-foot manufacturing facility in Diboll, Texas, and a leased 140,000-square-foot manufacturing facility in Wichita Falls, Texas. These plants manufacture relocatable modular products and service the local domestic and international markets.

In South America, ASL has a 50 per cent interest in a joint venture with Tecno Fast S.A., a modular manufacturing corporation based in Santiago, Chile. Tecno Fast owns and operates a 77,500-square-foot manufacturing facility and has a 20,000-square-foot manufacturing facility in Lima, Peru.

In Australia, ASL owns and operates a 15,000-square-foot manufacturing facility and operates a leased 16,000-square-foot manufacturing facility both in Brisbane, Queensland. ASL also owns and operates a 15,000-square-foot manufacturing facility in Townsville, Queensland.

In the United Arab Emirates, ASL has partnered with Al Habtoor Engineering (which is part of the Al Habtoor Leighton Group) to produce and install a 20,000-person village on Saadiyat Island in Abu Dhabi. The head office is in the city of Abu Dhabi and it operates a 24,000-square-foot assembly facility on five acres at the village site.

Facilities Operations & Maintenance

The Facilities Operations & Maintenance division is involved in the rapid mobilization and provision of services in challenging operational environments worldwide. This division focuses on delivery of services to various clients active in the resource, defence and telecommunications sectors. From large information technology systems to radar sites, deployed military operations to mining camps, fuel tank farms to airports, Facilities Operations & Maintenance is engaged in a range of turnkey solutions for its customers' assets and operations.

The Facilities Operations & Maintenance operations include site support and camp services through delivery of total project management and delivery of construction/installation, operation, and reclamation services. Technical services are offered for operation and maintenance of technical equipment and systems to ensure required operational availability. Airfield services involve complete airside, groundside management and operation of military and civilian airports. Logistics services offer end to end supply chain management, from procurement through transport to inventory. In addition, the Facilities Operations & Maintenance division offers facilities management, from property and asset management services to complete building operation and maintenance.

ASL was awarded five contracts by NATO in June 2007 to provide multiple support services for up to five years at the Kandahar Airfield in Afghanistan for the more than 10,000 troops serving NATO's International Security Assistance Force.

Camp Support Services

The Camp Support Services division is involved in the provision of turnkey solutions including accommodations, catering, waste management and maintenance and currently operates two accommodation complexes, the Creeburn Lake Lodge and the Barge Landing Lodge. In addition, on January 22, 2010, ASL announced it is building and will operate a third accommodation complex in Estevan, Saskatchewan. The 202-room ATCO lodge is expected to open in March 2010.

ASL and the Fort McKay First Nation are partners in a joint venture which owns and operates the Creeburn Lake Lodge, a 500-room lodge north of Fort McMurray, Alberta. Operations commenced in April 2008. The Creeburn Lake Lodge accepts clients on a nightly, weekly or monthly basis.

ASL and the Fort McKay First Nation are also partners in a second joint venture which operates the Barge Landing Lodge, a 1,900-room temporary work camp north of Fort McMurray, under service agreements with Suncor Energy Inc. (Suncor) and Albian Sands Energy Inc. (Albian). The Albian contract will expire in March 2010 unless extended for an additional 12 months at the option of Albian, and the Suncor contract will expire in June 2010.

Construction

The Construction division offers full turnkey engineering, procurement and construction (EPC) capabilities to customers requiring acoustical controls, structural, mechanical and electrical building solutions. This division focuses on delivery of EPC solutions and project management to various customers in the power generation industry and is focusing on providing similar product offerings to the resource and defense sectors.

4.2.4. Corporate & Other Segment

The activities of the Corporate & Other Segment are conducted through ATCO I-Tek and commercial real estate owned by the Corporation in Alberta.

ATCO I-Tek

ATCO I-Tek is engaged in the development, operation and support of information systems and technologies.

ATCO I-Tek provides billing services, payment processing, credit, collection and call centre services to its clients. ATCO I-Tek currently provides such services to Direct Energy for its regulated retail and competitive energy supply businesses in Alberta. In addition, ATCO I-Tek also supplies distribution-related billing and customer care services to ATCO Gas and ATCO Electric. In 2009, ATCO I-Tek entered into a strategic relationship with Wipro, a large multinational service provider to provide joint delivery of some customer care services and to pursue new opportunities in the utility business process outsourcing market. A portion of ATCO I-Tek's call centre services is now being handled by Wipro out of the Philippines as part of this new strategic relationship.

Direct Energy entered into a 10 year contract effective May 4, 2004, with ATCO I-Tek to provide billing and call centre services to ensure continued quality customer service. Direct Energy has the ability to terminate this contract after the fifth anniversary, which occurred on May 4, 2009, upon immediate payment of termination fees which decline over the remaining term of the contract. Based upon current customer counts and service levels and a 10 year contract, revenues are estimated to be approximately $500 million over the term of the contract.

Other

ATCO Investments owns ATCO Centre Phase II at 919 – 11 Avenue S.W., Calgary, Alberta, containing approximately 135,000 square feet of net rentable area, of which 77% was occupied as at February 13, 2010.

ATCO owns 22 acres of land at the ATCO Business Park in Calgary.

Canadian Utilities owns commercial real estate in Fort McMurray, Alberta.

5. BUSINESS RISKS

The business risks section located in the MD&A is hereby incorporated by reference and may be found on SEDAR at www.sedar.com.

6. DIVIDENDS

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

(Canadian dollars per share)	**2009**	2008	2007
5.75% Cumulative Redeemable Preferred Shares, Series 3	**1.44**	1.44	1.44
Class I and Class II Shares	**1.00**	0.94	0.88

It is the policy of the Corporation to pay dividends quarterly on its Class I and Class II Shares. In 2009, the Corporation increased the dividends on Class I and Class II Shares by $0.06 per share. The Corporation has increased its annual common share dividend each year since 1993. The matter of an increase in the quarterly dividend is addressed by the Board of Directors in the first quarter of each year. For the first quarter of 2010, the quarterly dividend payment has been increased by $0.015 to $0.265 per share. The payment of any dividend is at the discretion of the Board of Directors and depends on the financial condition of the Corporation and other factors.

7. DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The share capital of the Corporation as at February 16, 2010, was as follows:

Share Description	Authorized	Outstanding
Preferred Shares issuable in series	20,000,000	6,000,000
Junior Preferred Shares issuable in series	8,000,000	-
Class I Shares	100,000,000	51,360,706
Class II Shares	50,000,000	6,859,358

Preferred Shares

The Preferred Shares have preferential rights as to dividends as determined by the Board of Directors and are issuable from time to time in one or more series with such rights, restrictions, conditions and limitations as may be determined by the Board of Directors.

Three series of Preferred Shares have been issued to date, two of which have been redeemed and cancelled.

The following Preferred Shares are currently outstanding:

	Stated Value	Redemption Dates	Shares	Amount
5.75% Cumulative Redeemable Preferred Shares Series 3	$25.00	See below	6,000,000	$150,000,000

Conversion by ATCO

On and after December 1, 2008, the Corporation became entitled to convert all or any of the 5.75% Cumulative Redeemable Preferred Shares, Series 3 into Class I Shares. The number of Class I Shares into which each Series 3 Preferred Share may be converted will be determined by dividing the applicable redemption price together with all accrued and unpaid dividends by the greater of $2.00 and 95% of the weighted average trading price of Class I Shares on the Toronto Stock Exchange for a period of 20 consecutive trading days ending on the fourth day prior to the date specified for conversion.

Conversion by the Owner

On and after December 1, 2011, each Series 3 Preferred Share will be convertible at the option of the owner, on the first day of March, June, September and December of each year, into that number of Class I Shares determined by dividing $25.00 together with all accrued and unpaid dividends by the greater of $2.00 and 95% of the then current market price of the Class I Shares. If an owner of Series 3 Preferred Shares elects to convert any of the shares into Class I Shares, the Corporation may elect to redeem the Series 3 Preferred Shares for cash or arrange for the sale of such shares to substitute purchasers. At any time, the Corporation may offer the owners of the Series 3 Preferred Shares the right to convert into a further series of Preferred Shares.

Redemption Privileges

The Series 3 Preferred Shares became redeemable at the option of the Corporation commencing on December 1, 2008, at the stated value plus a 4% premium for the next 12 months plus accrued and unpaid dividends. The redemption premium declines by 2% in each succeeding 12 month period until December 1, 2010.

On February 17, 2010, the Corporation's board of directors approved the redemption of all of the outstanding Series 3 Preferred Shares. The redemption is expected to occur in the first quarter of 2010 and will be financed with available cash reserves.

Junior Preferred Shares

The Junior Preferred Shares are issuable from time to time in one or more series with such rights, restrictions, conditions and limitations as may be determined by the Board of Directors. The Junior Preferred Shares rank in priority to the Class I Shares and Class II Shares with respect to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Corporation.

Three series of Junior Preferred Shares have been issued to date, all of which have been redeemed and cancelled.

Class I Non-Voting Shares and Class II Voting Shares

Each Class II Share may be converted into one Class I Share at any time at the share owner's option. In the event an offer to purchase Class II Shares is made to all owners of Class II Shares, and is accepted and taken up by the owners of a majority of such shares pursuant to such offer, and provided an offer is not made to the owners of Class I Shares on the same terms and conditions, the Class I Shares shall be entitled to the same voting rights as the Class II Shares. The two classes of shares rank equally in all other respects.

8. CREDIT RATINGS

The following table shows the current credit ratings on the Corporation's, Canadian Utilities Limited's and CU Inc.'s securities which have been rated by DBRS Limited (DBRS) and Standard and Poor's (S&P):

	DBRS	S&P
ATCO Ltd.:		
Preferred shares	Pfd-2 (low)	P-2 (high)
Canadian Utilities Limited:		
Debentures	A	A
Commercial paper	R-1 (low)	A-1 (mid)
Preferred shares	Pfd - 2 (high)	P-2 (high)
CU Inc.:		
Debentures	A (high)	A
Commercial paper	R-1 (low)	A-1 (mid)
Preferred shares	Pfd-2 (high)	P-2 (high)

Both rating agencies maintain a stable trend on the above securities.

Long Term Debt Credit Ratings

An A rating by DBRS is the third highest of eight categories. Long term debt rated A is of satisfactory credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than that of higher rated entities. While A is a respectable rating, entities in this category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated securities. 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.

An A rating by S&P is the third highest of ten categories. Obligations rated A by S&P are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligations is still strong. The addition of a plus or minus sign shows relative standing within the major rating categories.

Commercial Paper and Short Term Debt Credit Ratings

An R-1 (low) rating by DBRS is the third highest of ten categories and is granted to short term debt of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.

An A-1 (mid) rating by S&P is the second highest of eight categories in its Canadian commercial paper ratings scale and is granted where the obligor's capacity to meet its financial commitment on the obligation is strong.

Preferred Share Credit Ratings

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

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

Credit Ratings Generally

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

9. MARKET FOR SECURITIES OF THE CORPORATION

The Corporation's Class I Shares, Class II Shares and Series 3 Preferred Shares are listed on the Toronto Stock Exchange.

The following table sets forth the high and low prices and volume of the shares traded on the Toronto Stock Exchange during 2009 for the Corporation's listed shares.

	Class I Shares			Class II Shares			Series 3 Preferred Shares		
	High $	Low $	Volume	High $	Low $	Volume	High $	Low $	Volume
Jan.	39.08	36.50	1,752,719	39.00	37.00	3,451	26.25	25.55	34,909
Feb.	38.75	32.95	1,747,380	38.23	33.75	4,982	26.00	25.60	56,010
Mar.	39.39	35.12	2,126,769	39.00	36.28	4,877	27.30	25.40	32,805
Apr.	36.92	34.06	1,646,272	36.49	34.50	3,743	26.80	26.05	21,928
May	36.47	34.50	1,659,666	36.26	34.97	3,538	26.50	26.05	67,292
Jun.	40.74	35.35	1,933,642	40.50	35.90	4,360	26.50	26.06	127,507
Jul.	40.24	36.77	1,863,621	39.43	37.01	4,046	26.55	26.36	313,431
Aug.	42.90	37.50	1,543,897	42.74	37.69	6,170	26.55	26.25	143,666
Sep.	42.56	40.05	1,417,475	42.65	40.21	7,452	26.50	26.00	17,412
Oct.	44.39	39.95	1,498,356	44.00	40.72	11,925	26.40	26.00	58,328
Nov.	45.75	42.51	1,474,432	45.82	42.47	8,214	26.40	25.80	35,663
Dec.	46.60	43.08	1,516,330	45.84	44.00	1,770	26.01	25.81	252,002

10. DIRECTORS AND OFFICERS

Directors

Name, Province or State, and Country of Residence	Position	Principal Occupation	Director Since
R.T. Booth, Q.C. (2) (4) Alberta, Canada	Director	Partner, Bennett Jones LLP (barristers and solicitors)	2008
B.P. Collomb Paris, Île-de-France, France	Director	Honorary Chairman, Lafarge S.A. (building materials company)	1999
B.P. Drummond (2) (3) Quebec, Canada	Director	Corporate Director	1968
Rt. Hon. D.F. Mazankowski, P.C., O.C., A.O.E., D.Eng., LL.D. Alberta, Canada	Director	Business Consultant and Corporate Director	1999
H.M. Neldner (2) (3) (4) Alberta, Canada	Director	Corporate Director	1997
M.R.P. Rayfield (4) Ontario, Canada	Director	Vice Chairman, BMO Capital Markets (investment bank)	2009
N.C. Southern Alberta, Canada	Director	Deputy Chair, President & Chief Executive Officer, ATCO Ltd. and Canadian Utilities Limited	1989
R.D. Southern, C.B.E., C.C., LL.D. Alberta, Canada	Director and Chairman of the Board	Chairman of the Board, ATCO Ltd. and Canadian Utilities Limited	1963
C.W. Wilson (2) (3) (4) Colorado, U.S.A.	Lead Director	Corporate Director	2002

Notes:

(1) *All directors hold office until the close of the annual meeting of shareholders of the Corporation or until their successors are elected or appointed.*

(2) *Member of the Corporate Governance – Nomination, Compensation and Succession Committee.*

(3) *Member of the Audit Committee.*

(4) *Member of the Risk Review Committee.*

Officers (in Alphabetical Order)

Name, Province or State, and Country of Residence	Position Held and Principal Occupation
C.J. Ackroyd Alberta, Canada	Vice President, Marketing & Communications, ATCO Ltd. and Canadian Utilities Limited
B.R. Bale Alberta, Canada	Senior Vice President & Chief Financial Officer, ATCO Ltd. and Canadian Utilities Limited
D.E. Belsheim Alberta, Canada	Vice President, Operational Audit, ATCO Ltd. and Canadian Utilities Limited
S.J. Garvey Alberta, Canada	Chief Information Officer, ATCO Ltd. and Canadian Utilities Limited
C. Gear Alberta, Canada	Assistant Corporate Secretary, ATCO Ltd. and Canadian Utilities Limited
I.D. Hargrave Alberta, Canada	Vice President, Project Development, ATCO Ltd. and Canadian Utilities Limited
K.P. Hunt Alberta, Canada	Vice President, Risk & Pension, ATCO Ltd. and Canadian Utilities Limited
E.M. Kiefer Alberta, Canada	Group Vice President, Human Resources & Corporate Services, ATCO Ltd. and Canadian Utilities Limited
S.W. Kiefer Alberta, Canada	Managing Director, Utilities, ATCO Ltd. and Canadian Utilities Limited
R.J. Myles Alberta, Canada	Senior Vice President, Corporate Development & Planning, ATCO Ltd. and Canadian Utilities Limited
R.C. Neumann Alberta, Canada	Vice President, Internal Audit, ATCO Ltd. and Canadian Utilities Limited
N.C. Southern Alberta, Canada	Deputy Chair, President & Chief Executive Officer, ATCO Ltd. and Canadian Utilities Limited
R.D. Southern, C.B.E., C.C., LL.D. Alberta, Canada	Chairman of the Board, ATCO Ltd. and Canadian Utilities Limited

Name, Province or State, and Country of Residence	Position Held and Principal Occupation
P. Spruin Alberta, Canada	Vice President, Administration & Corporate Secretary, ATCO Ltd. and Canadian Utilities Limited
S.R. Werth Alberta, Canada	Senior Vice President & Chief Administration Officer, ATCO Ltd. and Canadian Utilities Limited
C.M. Widdoes Alberta, Canada	Vice President, HR Services, ATCO Ltd. and Canadian Utilities Limited
P.G. Wright Alberta, Canada	Vice President, Finance, Controller & Treasurer, ATCO Ltd. and Canadian Utilities Limited

Positions Held by Directors and Officers within Preceding Five Years

All of the directors and 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 affiliates or predecessors thereof, with the exception of Mr. Ackroyd, who was Director of Advertising, The Calgary Sun (a newspaper); Mr. Garvey, who was Executive Director, Energy Canada and Managing Director, Alberta at Accenture (a consulting firm) from 2006 to 2009 and prior thereto was Senior Vice President, Professional Services at Bell Canada (a telecommunications company); Ms. Gear, who was Deputy Company Secretary, LogicaCMG plc (a global information technology company); and Ms. Widdoes, who was Practice Leader, Human Capital Group, Watson Wyatt Worldwide (a consulting firm) from 2004 to 2006.

Director's and Officer's Interests in the Corporation

At December 31, 2009, the directors and officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), approximately 5,756,000 (83.9%) of the issued and outstanding Class II Shares of the Corporation. In addition, the directors and officers of the Corporation, as a group, beneficially owned, or controlled or directed, directly or indirectly (via corporate holdings or otherwise), 32,786,669 (78.6%) of the issued and outstanding Class B common shares of Canadian Utilities Limited.

11. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Class I Shares, Class II Shares and Series 3 Preferred Shares is CIBC Mellon Trust Company at its principal offices in Calgary, Vancouver, Toronto and Montreal.

12. INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP has prepared the auditor's report with respect to the Corporation's annual financial statements. PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

13. ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Corporation's management proxy circular dated March 6, 2009. Additional financial information is provided in the Corporation's financial statements and MD&A for the financial year ended December 31, 2009.

APPENDIX 1 – AUC GENERAL RATE APPLICATIONS

The table below details particulars of the most recent decisions made by the AUC respecting general rate applications or negotiated settlements filed by the principal regulated subsidiaries of the Corporation.

	Year	Date of Decision [(1)]	Mid-Year Rate Base ($ Millions)		Rate of Return on Common Equity [(2)]		Common Equity Ratio [(3)]	
ATCO Electric								
Transmission	2009	Jul. 02/09	965.2		9.00%	(4)	36.0%	(4)
	2010	Jul. 02/09	1,275.1		9.00%	(4)	36.0%	(4)
Distribution	2009	Jul. 02/09	972.8		9.00%	(4)	39.0%	(4)
	2010	Jul. 02/09	1,104.3		9.00%	(4)	39.0%	(4)
ATCO Pipelines								
North	2008	Mar. 18/09	569.8	(6)	8.75%	(5)	43.0%	(5)
	2009	Mar. 18/09	601.6	(6)	8.75%	(5)	43.0%	(5)
South	2008	Mar. 18/09	184.1	(6)	8.75%	(5)	43.0%	(5)
	2009	Mar. 18/09	185.6	(6)	8.75%	(5)	43.0%	(5)
ATCO Gas								
North	2008	Nov. 13/08	665.1		8.75%	(4)	39.0%	(4)
	2009	Nov. 13/08	763.9		9.00%	(4)	39.0%	(4)
South	2008	Nov. 13/08	564.7		8.75%	(4)	39.0%	(4)
	2009	Nov. 13/08	622.7		9.00%	(4)	39.0%	(4)

Notes:

(1) *The information shown reflects the most recent amending or varying orders issued subsequent to the original date of decision.*

(2) *Common equity rate of return is the rate of return on the portion of rate base considered to be financed by common equity.*

(3) *The common equity ratio is the percentage of rate base considered to be financed by common equity.*

(4) *The rate of return on common equity and common equity ratio were approved in AUC's generic cost of capital decision dated November 12, 2009.*

(5) *The rate of return on common equity and common equity ratio were approved by the AUC in ATCO Pipelines' Negotiated Settlement.*

(6) *The mid-year rate base amounts shown in the table for ATCO Pipelines are the forecast amounts provided in its 2008–2009 General Rate Application Phase I as refiled on December 18, 2007. These amounts were not specifically identified or approved in ATCO Pipelines' Negotiated Settlement.*

APPENDIX 2 – DETAILS OF GENERATING PLANTS

Name, Location & Type	Date in Service	MW (1)	Ownership %	Capacity Share	Partner/s (3)	Customer/s (3)	Contract Expiry Date
Alberta Power (2000) Facilities:							
Battle River 3, 4 & 5, Forestburg, AB Coal-Fired Thermal	1969 to 1981	670	100.0% (2)	670	-	ENMAX	2013, 2013 & 2020
Rainbow Lake 1, 2 & 3, Rainbow Lake, AB Gas-Fired Open-Cycle	1968	88	100.0% (2)	88	-	Merchant	-
Sheerness 1 & 2, Hanna, AB Coal-Fired Thermal	1986 to 1990	760	50.0% (2)	380	TransAlta	Trans Canada	2020
Sturgeon, Valleyview, AB Gas-Fired Open-Cycle	1957	18	100.0% (2)	18	-	Merchant	-
Sub-total (A)		1,536		1,156			

Notes:

(1) *Name plate capacity.*

(2) *The Corporation's ownership in these plants is held by Alberta Power (2000).*

(3) *Full names of Customers and Partners:*

- *ENMAX means Enmax Corporation;*
- *TransAlta means TransAlta Corporation;*
- *TransCanada means TransCanada Corporation.*

Name, Location & Type	Date in Service	MW (1)	Ownership %	Capacity Share	Partner/s (5)	Customer/s (5)	Contract Expiry Date
ATCO Power and ATCO Resources Facilities in Canada:							
Brighton Beach, Windsor, ON Gas-Fired Combined-Cycle	2004	580	50.0% (2)	290	OPG	Coral Energy	2024
Cory, Saskatoon, SK Gas-Fired Cogeneration/ Combined-Cycle	2003	260	50.0% (2)	130	SPI	SPC/PCS	2028
Joffre, Red Deer, AB Gas-Fired Cogeneration	2000	480	40.0% (2)	192	Capital Power/ Nova	Nova/ Merchant	2020
McMahon, Taylor, BC Gas-Fired Cogeneration	1993	120	50.0% (3)	60	Spectra Energy	BC Hydro	2014
Muskeg River, Ft. McMurray, AB Gas-Fired Cogeneration	2003	170	70.0% (2)	119	SPI	AOSP/ Merchant	2042
Oldman River, Pincher Creek, AB Hydroelectric	2003	32	75% (2)	24	Piikani Nation	Merchant	-
Poplar Hill, Grande Prairie, AB Gas-Fired Open-Cycle	1998	45	100.0% (2)	45	-	Merchant/ TMR contract	2018
Primrose, Primrose, AB Gas-Fired Cogeneration	1998	85	50.0% (2)	42	CNRL	CNRL/ Merchant	2028
Rainbow Lake 4 & 5, Rainbow Lake, AB Gas-Fired Cogeneration/ Open-Cycle	1999	90	50.0% (2)	45	Husky Energy	TMR Contract/ Merchant	2010
Scotford, Ft. Saskatchewan, AB Gas-Fired Cogeneration	2003	170	100.0% (2)	170	-	AOSP/ Merchant	2043
Valleyview 1 & 2, Valleyview, AB Gas-Fired Open-Cycle	2001 & 2008	90	100.0% (2)	90	-	Merchant	-
Sub-total (B)		2,122		1,207			

Name, Location & Type	Date in Service	MW (1)	Ownership %	Capacity Share	Partner/s (5)	Customer/s (5)	Contract Expiry Date
ATCO Power Facilities Outside Canada:							
Barking, London, UK Gas-Fired Combined-Cycle	1995	1,000	25.5% (3)	255	BB/EDF/ SSE	EDF/SSE/ Merchant	2010
Bulwer Island, Queensland Australia Gas-Fired Cogeneration	2001	33	50.0% (3)	17	Origin Energy	BP	2021
Heathrow Airport, London, UK Gas-Fired Cogeneration	1990	14	50.0% (3)	7	EDF	BAA	2010
Karratha, Western Australia (4) Gas-Fired Open-Cycle	2010	86	100.0% (3)	86	-	Horizon Power	2030
Osborne, South Australia Gas-Fired Cogeneration/ Combined-Cycle	1998	180	50.0% (3)	90	Origin Energy	FOT/Penrice	2018
Sub-total (C)		1,313		455			
Total (A+B+C)		4,971		2,818			

Notes:

(1) *Name plate capacity.*

(2) *ATCO's ownership in these plants is held 80% by ATCO Power and 20% by ATCO Resources.*

(3) *ATCO's ownership in this plant is held 100% by ATCO Power.*

(4) *The Karratha project in Western Australia is currently under construction with commissioning of the first unit expected in February 2010 and the second unit in April 2010.*

(5) *Full names of Customers and Partners:*

- *AOSP means Athabasca Oil Sands Project;*
- *BAA means BAA plc.;*
- *BB means Balfour Beatty plc.;*
- *BP means BP plc.;*
- *Capital Power means Capital Power (Alberta) Limited Partnership;*
- *CNRL means Canadian Natural Resources Limited;*
- *EDF means EDF Energy plc.;*
- *FOT means Flinders Osborne Trading Pty Ltd.;*
- *Nova means Nova Chemicals;*
- *OPG means Ontario Power Generation Inc.;*
- *Origin Energy means Origin Energy Limited;*
- *PCS means Potash Corporation of Saskatchewan;*
- *Penrice means Penrice Soda Holdings Limited;*
- *Piikani Nation means Piikani First Nation;*
- *SPC means SaskPower Corporation;*
- *SPI means Saskpower International Inc.; and*
- *SSE means Scottish & Southern Energy.*

APPENDIX 3 – AUDIT COMMITTEE INFORMATION

Audit Committee Mandate

Purpose

The purpose of this mandate is to establish the terms of reference of the Audit Committee (the "Committee") of the Corporation. The Committee is appointed by the Board of Directors (the "Board") of the Corporation. The Committee is responsible for contributing to the effective stewardship of the Corporation by assisting the Board in fulfilling its oversight of:

(i) the integrity of the Corporation's financial statements;
(ii) the Corporation's compliance with applicable legal and regulatory requirements;
(iii) the independence, qualifications and appointment of the Corporation's external auditor;
(iv) the performance of the Corporation's internal auditor and external auditor;
(v) the accounting and financial reporting processes of the Corporation; and
(vi) audits of the financial statements of the Corporation.

Composition

The Board shall elect annually from among its members an Audit Committee comprised of not less than 3 directors. Each member of the Committee must be:

- a director of the Corporation;
- independent (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees*); and
- financially literate (within the meaning of section 1.6 of National Instrument 52-110 – *Audit Committees*).

In order to be considered to be an independent director for the purposes of membership on the Committee, a director must have been determined by the Board to be independent in accordance with all applicable regulatory requirements.

The Board will appoint one member of the Committee as Chairman. Any member of the Committee may be removed or replaced at any time by the Board, and a member shall cease to be a member of the Committee upon ceasing to be independent.

Meetings

The Committee shall meet at least four times per year and whenever deemed necessary by the Chairman of the Committee or at the request of a Committee member or the Corporation's external or internal auditor.

The Committee Chairman shall prepare and/or approve an agenda in advance of each meeting. Reasonable notification of meetings, which may be held in person, by telephone or other communication device, shall be sent to the members of the Committee, the external auditor and any additional attendees as determined by the Chairman. The external auditor has the right to appear before and be heard at any meeting of the Committee. Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters which the auditor believes should be brought to the attention of the directors or shareholders of the Corporation. Meetings will be scheduled to permit timely review of Committee materials. A majority of the Committee will constitute a quorum. Minutes of each meeting will be prepared by the person designated by the Committee to act as secretary and will be kept by the Corporate Secretarial Department.

Reporting

The Committee shall report to the Board on such matters and questions relating to the financial position of the Corporation as the Board may from time to time refer to the Committee. A summary of all meetings will be provided to the Board by the Committee Chairman. Supporting schedules and information reviewed by the Committee will be available for examination by any director upon request. The external auditor and the Vice President, Internal Audit shall report directly to the Committee. The Committee is expected to maintain free and open communication with the Corporation's external auditor, internal auditor and management. This communication shall include private sessions, at least annually, with each of these parties.

Responsibilities and Authority

The Committee relies on the expertise and knowledge of management and the internal and external auditors in carrying out its oversight responsibilities. Management of the Corporation is responsible for determining that the Corporation's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The external auditor is responsible for auditing the Corporation's financial statements.

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall have the authority to retain independent counsel, accountants or other outside advisors as it determines necessary to permit it to carry out its duties, to set and pay the compensation for any advisors employed by the Committee, and to communicate directly with the internal and external auditors.

The Committee shall:

- Recommend to the Board:

(a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;
(b) the compensation of the external auditor; and
(c) the approval of the Corporation's annual financial statements, AIF and MD&A.

- Be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the

Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.

- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor of the Corporation. The Committee may delegate to one or more of its members the authority to grant pre-approvals, and any pre-approvals so granted must be presented in writing to the Committee at the next regularly scheduled meeting. The Committee will ensure that relevant policies and procedures are in place to manage this process and comply with all applicable regulatory requirements.

- Review the Corporation's annual and interim financial statements, AIF, annual and interim MD&A and annual and interim earnings press releases before this information is publicly disclosed.

- If delegated by the Board, approve the interim financial statements, interim MD&A and interim earnings press releases before this information is publicly disclosed.

- Be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, and periodically assess the adequacy of such procedures. This would include an annual review of the Corporation's Disclosure Policy.

- Monitor the application of the procedures established by the Committee for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- Be satisfied that the Corporation has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively;

- Be satisfied that the internal audit function has been effectively carried out and the internal auditor has adequate resources;

- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

- Review and reassess annually the adequacy of this Mandate and recommend any proposed changes to the Board for approval.

The members of the Committee, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its subsidiary entities and to discuss such books and records in any manner relating to the financial position of the Corporation and its subsidiary entities with the officers, employees and external auditors of the Corporation and its subsidiary entities.

The Committee will inquire into any other matters referred to it by the Board.

Composition of the Audit Committee

The following are the members of the Corporation's Audit Committee, all of whom are independent and financially literate:

- B.P. Drummond
- H.M. Neldner
- C.W. Wilson

Relevant Education and Experience

B.P. Drummond - Mr. Drummond has an MBA and was president of a major investment dealer. Mr. Drummond has been a director of several public companies and has served as Chairman of the Investment Dealers Association of Canada and the Montreal Stock Exchange.

H.M. Neldner - Mr. Neldner has a Bachelor of Commerce (Finance). Mr. Neldner held various senior management positions in accounting and finance including General Accountant, Comptroller, Vice President Finance and President & CEO with Alberta Government Telephones and Telus Corporation.

C.W. Wilson - Mr. Wilson has an understanding of the accounting principles of the Corporation. In addition, Mr. Wilson supervised a CFO directly for a seven year period as President & CEO of Shell Canada Ltd.

Pre-Approval Policies and Procedures

The Audit Committee and the Board of Directors of the Corporation have adopted a policy for approval of external auditor services. The policy prohibits the external auditor from providing specified services to the Corporation and its subsidiaries.

The engagement of the external auditor for a range of services defined in the policy has been pre-approved by the Audit Committee. If an engagement of the external auditor is contemplated for a particular service that is neither prohibited nor covered under the range of pre-approved services, such engagement must be pre-approved. The Audit Committee has delegated the authority to grant such pre-approval to the Chairman of the Audit Committee.

Services provided by the external auditor are subject to an engagement letter. The policy mandates that the Audit Committee receive regular reports of all new pre-approved engagements of the external auditor.

External Auditor Service Fees

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

(Millions of Canadian Dollars)	**2009**	2008
Audit fees (1)	**2.1**	2.3
Audit Related fees (2)	**0.3**	0.3
Tax fees (3)	**0.6**	0.7
All other fees	**-**	0.2
Total	**3.0**	3.5

Notes:

(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.*

(2) *Audit-related fees are the aggregate fees paid to the external auditor for services related to special purpose audits and audit services including consultations regarding financial reporting and accounting standards.*

(3) *Tax fees are the aggregate fees paid to the external auditor for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax, capital tax and sales tax returns.*