ATCO LTD.

FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

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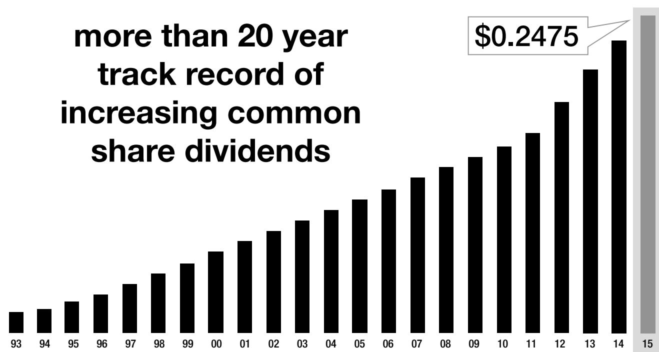
Q3 2015 INVESTOR FACT SHEET

ATCO.COM
STRUCTURES & LOGISTICS I UTILITIES I ENERGY
ATCO

Founded in true entrepreneurial spirit in 1947, ATCO has grown from its Alberta roots into a diversified international group of companies focused on profitable, sustainable growth. With nearly 9,000 employees and assets of approximately $19 billion, ATCO delivers service excellence and innovative business solutions worldwide. ATCO's leading companies are engaged in Structures & Logistics, Utilities and Energy.

DIVIDEND GROWTH



** 2015 quarterly dividend is $0.99 annualized*

ATCO SHARE INFORMATION

Common Shares (TSX): ACO.X, ACO.Y	
Market Capitalization	$5 billion
Weighted Average Common Shares Outstanding	114.8 million

ATCO AT A GLANCE

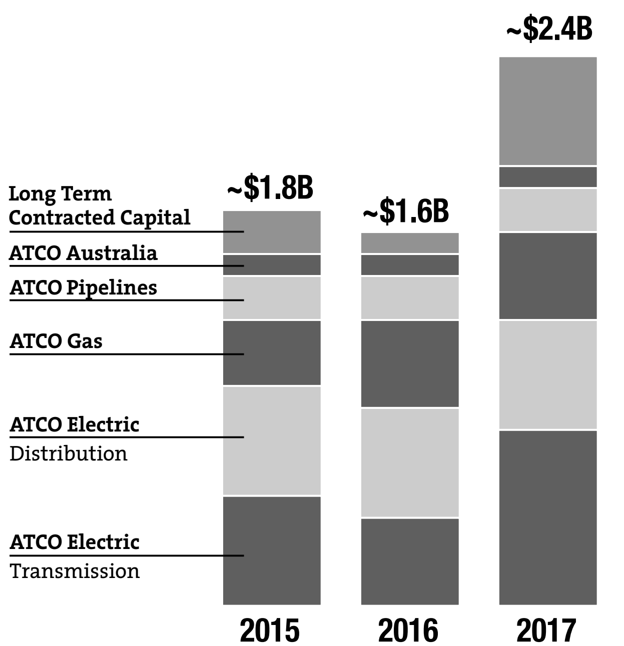
68 year history in more than 100 countries worldwide

"A" rating by Standard & Poor's

Total Assets	$19 billion
Modular Building Manufacturing Locations	7 Globally (2 Canada, 3 United States, 2 Australia)
Electric Powerlines	86,000 kms
Pipelines	63,200 kms
Power Plants	15 plants globally
Power Generating Capacity	3,857 MW*
Natural Gas Processing Capacity	1,719 mmcfd**
Natural Gas Storage Capacity	46 PJ***

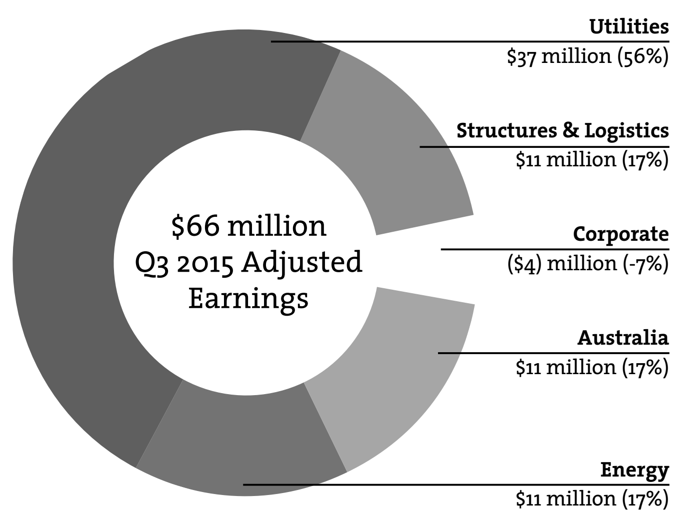
**megawatts **millions of cubic feet per day ***petajoules*

VISIBLE GROWTH



~ $5.8 billion in utility and contracted capital growth projects expected in 2015 - 2017

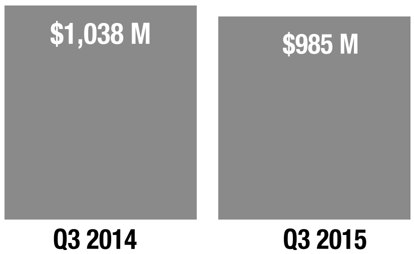
DIVERSIFIED EARNINGS



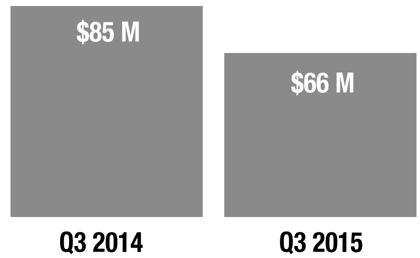
Adjusted earnings are defined as earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations. Certain statements in this document contain forward-looking information. Please refer to our forward-looking information disclaimer in ATCO's management's discussion and analysis for more information.

Q3 2015 RESULTS

ATCO REVENUES



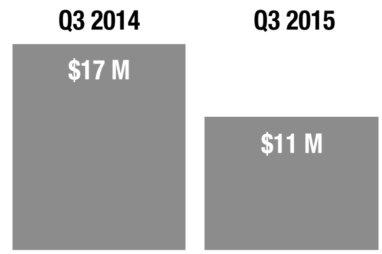
ATCO ADJUSTED EARNINGS



STRUCTURES & LOGISTICS

- The earnings for this segment are significantly influenced by the cyclical nature of large natural resource project activity. Reduced earnings in Q3/15 were primarily due to lower Modular Structures project activity and profit margins, and reduced lodging occupancy levels and room rates, partly offset by improved results in Emissions Management and business-wide cost reduction initiatives.
- In Q3/2015, ATCO Structures & Logistics entered into a contract with BC Hydro to manufacture, install and operate a 1,600-person workforce housing facility for workers constructing the Site C Clean Energy Project on the Peace River in northeast BC. The contract is valued at $470 million. Manufacturing and installation is expected to be completed in mid-2016 and lodge-related services will be provided until 2022.

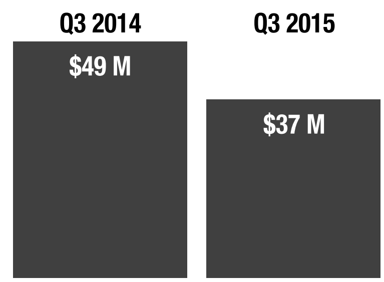
ADJUSTED EARNINGS



UTILITIES

- Significant investment in utility infrastructure in Alberta continues. Utility capital expenditures were $329 million in Q3/15 and $946 million year-to-date.
- Lower earnings in Q3/15 were primarily the result of prior period adjustments in Q3/14 that are associated with several regulatory decisions. Excluding the prior period impacts of these regulatory decisions, normalized adjusted earnings were $2 million higher in the third quarter and $29 million higher in the first nine months compared to the prior year.

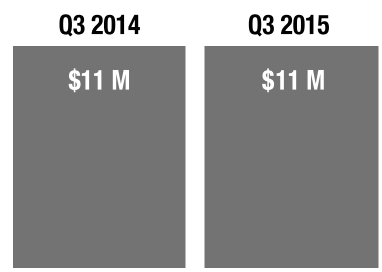
ADJUSTED EARNINGS



ENERGY

- In Q3/15, ATCO Power and Apache Canada Ltd. entered into a 10-year contract at House Mountain to continue to provide a power generation service using excess natural gas. ATCO Power will be the sole owner and operator of the $13 million, 6 MW power generation facility, which will replace the temporary generation units. This facility has an expected in-service date of May 2016.
- In Q3/15, ATCO Energy Solutions completed construction on the industrial water supply projects for the North West Redwater Partnership and Air Products Canada Ltd. Both projects are expected to be in operation and contributing to earnings in the fourth quarter of 2015.

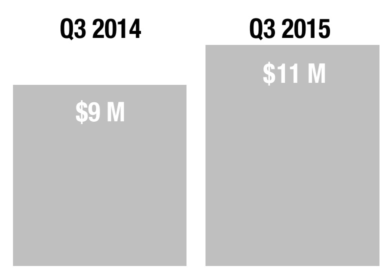
ADJUSTED EARNINGS



AUSTRALIA

- Earnings in Q3/15 were higher mainly as a result of interest savings related to the Company's refinancing of its long-term debt at favourable rates, continued growth in rate base, and savings due to cost reduction initiatives.

ADJUSTED EARNINGS



2015 THIRD QUARTER FINANCIAL INFORMATION

INVESTOR FACT SHEET

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

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ATCO GROUP

ATCO LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of ATCO Ltd. (the Company) during the nine months ended September 30, 2015.

This MD&A was prepared as of October 22, 2015 and should be read with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2015. Additional information, including the Company's prior MD&As, the Annual Information Form (2014 AIF) and the audited consolidated financial statements for the year ended December 31, 2014, is available on SEDAR at www.sedar.com. Information contained in the 2014 MD&A is not discussed if it remains substantially unchanged.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, R.D. Southern. The Company includes controlling positions in Canadian Utilities Limited (53.2 per cent ownership) and in ATCO Structures & Logistics Ltd. (75.5 per cent ownership). Throughout this MD&A, the Company's earnings attributable to Class I and Class II Shares and adjusted earnings are presented after non-controlling interests.

Terms used throughout this MD&A are defined in the Glossary at the end of this document.

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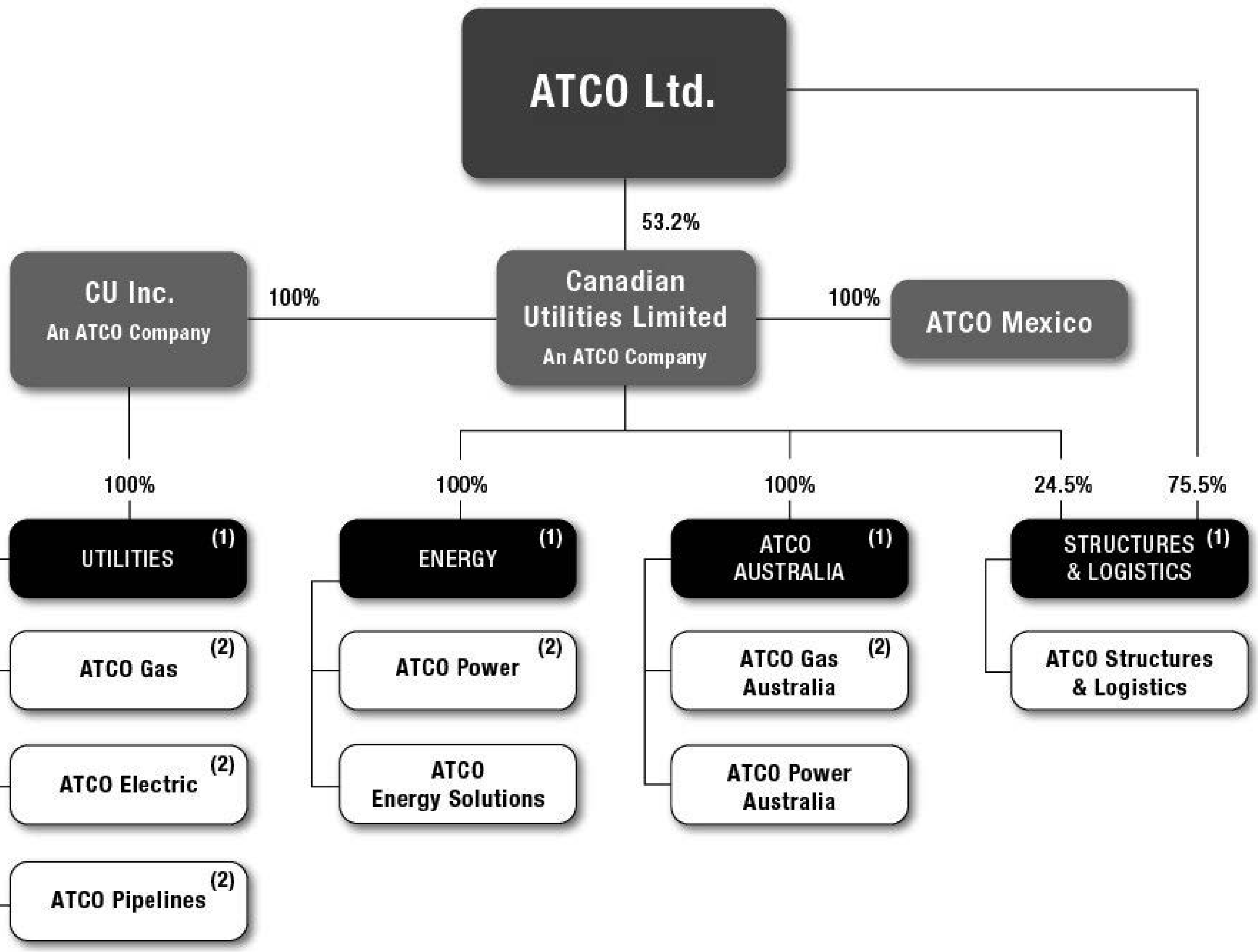
COMPANY OVERVIEW

With nearly 9,000 employees and assets of approximately $19 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions through leading companies engaged in Structures & Logistics (manufacturing, logistics and noise abatement), Utilities (pipelines, natural gas and electricity transmission and distribution) and Energy (power generation and sales, industrial water infrastructure, natural gas gathering, processing, storage and liquids extraction). More information can be found at www.atco.com.

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd., including a proportionate share of joint venture investments. Principal subsidiaries are Canadian Utilities Limited (Canadian Utilities), of which ATCO Ltd. owns 53.2 per cent (39.4 per cent of the Class A non-voting shares and 88.2 per cent of the Class B common shares), and ATCO Structures & Logistics Ltd., of which ATCO Ltd. owns 75.5 per cent of the Class A non-voting shares and Class B common shares.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the reporting currency is the Canadian dollar. Certain comparative figures throughout this MD&A have been reclassified to conform to the current presentation.

SIMPLIFIED ORGANIZATIONAL STRUCTURE



(1) Descriptions of segment business activities are provided in the Segmented Information section of this MD&A.

(2) Regulated operations include ATCO Gas, ATCO Electric, ATCO Pipelines, ATCO Gas Australia and the Battle River unit 5 and Sheerness generating plants of ATCO Power.

PERFORMANCE OVERVIEW

FINANCIAL METRICS

The following chart summarizes key financial metrics associated with the Company's financial performance.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions, except per share data and outstanding shares)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Key Financial Metrics						
Adjusted earnings	**66**	85	(19)	**201**	257	(56)
Structures & Logistics	**11**	17	(6)	**14**	41	(27)
Utilities	**37**	49	(12)	**154**	150	4
Energy	**11**	11	–	**21**	36	(15)
ATCO Australia	**11**	9	2	**16**	20	(4)
Corporate & Other	**(4)**	(1)	(3)	**(4)**	9	(13)
Intersegment Eliminations	**–**	–	–	**–**	1	(1)
Revenues	**985**	1,038	(53)	**3,004**	3,378	(374)
Earnings attributable to Class I and Class II Shares	**53**	133	(80)	**155**	326	(171)
Capital expenditures (including capitalized interest)	**428**	618	(190)	**1,246**	1,723	(477)
Cash dividends declared per Class I and Class II Share (cents per share)	**24.75**	21.50	3.25	**74.25**	64.50	9.75
Funds generated by operations	**370**	373	(3)	**1,235**	1,300	(65)
Weighted average Class I and Class II Shares outstanding *(thousands):*						
Basic	**114,848**	114,945	(97)	**114,835**	114,854	(19)
Diluted	**115,347**	115,542	(195)	**115,373**	115,479	(106)

ADJUSTED EARNINGS

The Company's adjusted earnings for the third quarter and nine months ended September 30, 2015 were $66 million and $201 million. The primary drivers of earnings results were as follows:

- Structures & Logistics - The earnings for this segment are significantly influenced by the cyclical nature of large natural resource project activity. The decrease in adjusted earnings in the third quarter and year-to-date is primarily due to lower Modular Structures project activity and profit margins, and reduced lodging occupancy levels and room rates. Improved results in Emissions Management and business-wide cost reduction initiatives partially offset lower earnings.
- Utilities - Adjusted earnings were $37 million in the third quarter and $154 million in the first nine months of 2015 compared to $49 million in the third quarter and $150 million in the first nine months of 2014. Lower earnings in the quarter were mainly the result of prior period adjustments in the third quarter of 2014 that are associated with several regulatory decisions. Higher adjusted earnings in the first nine months of 2015 were mainly due to continued investment in utility infrastructure in Alberta, partly offset by prior period adjustments associated with several regulatory decisions. Excluding the prior period impacts of these regulatory decisions, normalized adjusted earnings were $2 million higher in the third quarter and $29 million higher in the first nine months compared to the prior year. The earnings impact of these regulatory decisions is discussed in more detail in the "Utilities" section of this MD&A.

Earnings performance for the Company's other segments is discussed in the Segmented Information section.

REVENUES

Revenues in the third quarter of 2015 were $985 million or $53 million lower than the same period in 2014. Lower revenues were primarily due to reduced flow-through gas sales in ATCO Energy Solutions, which are passed on to customers by the Company and do not impact adjusted earnings, and reduced Alberta Power Pool prices in ATCO Power.

EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Earnings attributable to Class I and Class II Shares were $53 million in the third quarter of 2015. In the third quarter of 2014, the Company recorded a one-time, after-tax gain of $74 million related to the sale of ATCO I-Tek. Without the one-time gain, third quarter 2014 earnings attributable to Class I and Class II Shares were $59 million before timing adjustments associated with rate-regulated activities.

In the third quarter of 2015, the Company recorded restructuring costs of $3 million. These costs were primarily related to staff reductions and associated severance costs as well as the restructuring of a fuel supply contract in ATCO Power. The Company estimates that restructuring the fuel supply contract at the Battle River generating plant may reduce the fuel purchase obligation by more than $125 million over the expected life of the units.

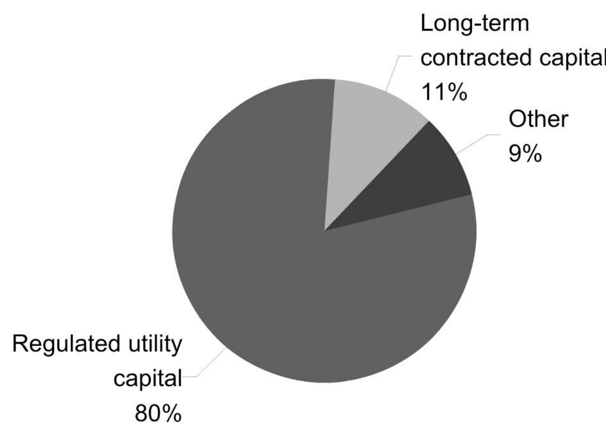
Earnings attributable to Class I and Class II Shares include one-time gains and losses, significant impairments and timing adjustments related to rate-regulated activities that were not included in adjusted earnings. More information on these and other items is available in the "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" section in this MD&A.

CAPITAL EXPENDITURES

Total capital expenditures in the third quarter and first nine months of 2015 were $428 million and $1,246 million, respectively. Lower capital expenditures compared to the prior periods are mainly due to previously disclosed and planned lower capital spending in ATCO Electric Transmission.

Capital spending in the Company's regulated utilities and on long-term contracted capital assets accounted for $1,137 million of capital spending year-to-date. The investments either earn a regulated return or are under commercially secured long-term contracts. The remaining expenditures are mainly maintenance capital spread across the Company. The Company expects to invest approximately $1.8 billion in regulated utility and commercially secured capital growth projects in 2015.

Regulated & Contracted Capital Expenditures YTD (%)



DIVIDENDS

On October 16, 2015, the Board of Directors declared a fourth quarter dividend of 24.75 cents per share. This represents a 15 per cent increase on the dividends declared in the same period last year. Dividends paid to Class I and Class II Share owners in the third quarter of 2015 totaled $29 million.

ATCO Ltd. has increased its common share dividend each year since 1993. In each of the last four years, the Company has increased its quarterly dividend by 15 per cent.

RECENT DEVELOPMENTS IN THE THIRD QUARTER OF 2015

ATCO STRUCTURES & LOGISTICS

Site C Clean Energy Workforce Housing Project

In the third quarter of 2015, ATCO Structures & Logistics entered into a contract with BC Hydro to manufacture, install and operate a 1,600-person workforce housing facility for workers constructing the Site C Clean Energy Project on the Peace River in northeast BC. The contract is valued at $470 million. Manufacturing and installation is expected to be completed in mid-2016 and lodge-related services will be provided until 2022.

ENERGY

Distributed Generation

ATCO Power has been providing an innovative temporary power generation service to Apache Canada Ltd. at their House Mountain facility west of Swan Hills since March of 2015, generating power from excess natural gas. In the third quarter of 2015, ATCO Power and Apache entered into a 10-year contract at House Mountain to continue to provide power generation service using excess natural gas. ATCO Power will be the sole owner and operator of the $13 million, 6 MW power generation facility, which will replace the temporary generation units. This facility has an expected in-service date of May 2016.

Industrial Water

In the third quarter of 2015, ATCO Energy Solutions completed construction on the industrial water supply projects for the North West Redwater Partnership and Air Products Canada Ltd. Both projects are expected to be in operation and contributing to earnings in the fourth quarter of 2015.

FINANCING

Preferred Share Issuance

On August 7, 2015, the Company's subsidiary, Canadian Utilities, issued $125 million of 5.25 per cent Cumulative Redeemable Second Preferred Shares Series EE. On September 24, 2015, Canadian Utilities issued $250 million of 4.50 per cent Cumulative Redeemable Second Preferred Shares Series FF. The proceeds of both issuances were used for capital expenditures, to repay indebtedness, and for other general corporate purposes.

SEGMENTED INFORMATION

Structures & Logistics

ATCO Structures & Logistics is made up of five diversified, complementary divisions to meet the needs of its customers and communities around the world: Modular Structures, Logistics and Facility Operations and Maintenance (O&M) Services, Lodging & Support Services, Emissions Management and Sustainable Communities.

REVENUES

ATCO Structures & Logistics revenues in the third quarter of 2015 were $41 million higher than the same period in 2014 mainly due to additional activity on the Wheatstone project in Western Australia. Revenues in the first nine months of 2015 were lower than the same period in 2014 by $111 million mainly due to reduced Modular Structures project activity in North America and lower Space Rentals and Workforce Housing utilizations and rental rates.

ADJUSTED EARNINGS

Adjusted earnings for ATCO Structures & Logistics are shown in the table below.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Modular Structures	**11**	19	(8)	**27**	53	(26)
Logistics and Facility O&M Services	**4**	3	1	**8**	9	(1)
Lodging & Support Services	**–**	4	(4)	**(4)**	8	(12)
Other [(1)]	**(4)**	(9)	5	**(17)**	(29)	12
Total ATCO Structures & Logistics	**11**	17	(6)	**14**	41	(27)

(1) Other includes Emissions Management, Sustainable Communities and ATCO Structures & Logistics' corporate office.

ATCO Structures & Logistics adjusted earnings in the three and nine months ended September 30, 2015 were lower than the same periods in 2014 by $6 million and $27 million. The decreases were primarily due to the conclusion of major Modular Structures projects in the fourth quarter of 2014, reduced profit margins and lower Space Rentals and Workforce Housing utilizations and rental rates. Also contributing to lower earnings were reduced lodging occupancy levels and room rates, partly offset by improved results in Emissions Management and business-wide cost reduction initiatives.

Detailed information about the business activities and financial results of the three largest divisions is provided in this segmented section.

MODULAR STRUCTURES

Modular Structures manufactures, sells and leases transportable workforce housing and space rental products. Space Rentals sells and leases mobile office trailers in various sizes and floor plans to suit customers' needs. Workforce Housing delivers modular workforce housing worldwide, including short-term and permanent modular camps, pre-fabricated and relocatable modular buildings.

Adjusted earnings in the three and nine months ended September 30, 2015 were lower than the same periods in 2014 by $8 million and $26 million. Weakened capital spending in various natural resource sectors has led to a decline in manufacturing activity, reduced profit margins, and lower Workforce Housing and Space Rental fleet utilization. These decreases were partially offset by additional project work at Wheatstone in Western Australia and the commencement of work at the Site C Clean Energy project in northeast BC.

Major Project Updates

Site C Clean Energy Workforce Housing Project

In April 2015, ATCO Structures & Logistics was chosen as the preferred proponent by BC Hydro to manufacture, install and operate a 1,600-person workforce housing facility for workers constructing the Site C Clean Energy Project on the Peace River in northeast BC. ATCO Structures & Logistics will also provide a full suite of lodge-related services including catering, janitorial, maintenance, medical and fire protection until 2022. ATCO Structures & Logistics commenced with preliminary work under a Limited Notice to Proceed in the third quarter of 2015. A definitive project agreement valued at $470 million was completed in late September 2015. ATCO Structures & Logistics will continue to execute the project with the manufacture and install phase expected to be completed in mid-2016.

Wheatstone Project

ATCO Structures & Logistics continues with work to design, manufacture and install 435 modular units for Bechtel at the Chevron-operated Wheatstone Project in Western Australia. The total value for ATCO Structures & Logistics' scope of work is estimated to be $336 million and is expected to be completed during the first quarter of 2016.

Rental Fleet Statistics

The following table compares ATCO Structures & Logistics' manufacturing hours and rental fleet for the three and nine months ended September 30, 2015.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
North America						
Manufacturing hours *(thousands)*	**127**	239	(47%)	**325**	736	(56%)
Global Space Rentals						
Number of units	**13,494**	13,130	3%	**13,494**	13,130	3%
Average utilization *(%)*	**67**	76	(9%)	**69**	76	(7%)
Average rental rate *($ per month)*	**594**	609	(2%)	**584**	617	(5%)
Global Workforce Housing						
Number of units	**3,386**	3,105	9%	**3,386**	3,105	9%
Average utilization *(%)*	**53**	77	(24%)	**57**	77	(20%)
Average rental rate *($ per month)*	**1,453**	2,432	(40%)	**1,808**	2,446	(26%)

Reduced capital spending in natural resource sectors in North America and Australia has led to a decline in Modular Structures manufacturing activity.

The decrease in the utilization of the Space Rental and Workforce Housing fleets was due to overall weakened demand from customers whose business activity is exposed to commodity price declines. This reduced demand has also resulted in lower rental rates.

LOGISTICS AND FACILITY O&M SERVICES

The Logistics and Facility O&M Services division delivers facilities operations and maintenance services, including end-to-end supply chain management, to clients in the resources, defense and telecommunications sectors.

Adjusted earnings for this division were higher by $1 million in the third quarter due to increased O&M services activity. Lower year-to-date adjusted earnings were mainly a result of the expiry of the North Warning System Contract with the Canadian Department of National Defence at the end of the third quarter of 2014. The Company continues to pursue and bid on project opportunities to provide Logistics and Facility O&M Services.

LODGING & SUPPORT SERVICES

The Lodging & Support Services division provides lodging, catering, waste management, and maintenance services to meet the demands of major, remote resource projects.

Adjusted earnings in the third quarter and first nine months of 2015 were lower than the same periods in 2014 by $4 million and $12 million. Continued weakened natural resource sector capital spending decreased the demand for temporary lodging and camp facilities near Fort McMurray, Alberta, resulting in lower occupancy levels and room rates.

Utilities

The Utilities' activities are conducted through four regulated businesses within western and northern Canada: ATCO Electric Distribution, ATCO Electric Transmission, ATCO Gas, and ATCO Pipelines.

REVENUES	Revenues in the Utilities were $36 million and $67 million higher in the third quarter and first nine months of 2015 when compared to the same periods in 2014 mainly as a result of growth in rate base, higher rates in the distribution utilities under PBR and higher 2015 interim rates in ATCO Electric Transmission and ATCO Pipelines.
ADJUSTED EARNINGS	Adjusted earnings for each of the Utilities are shown in the table below.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
ATCO Electric Distribution	**13**	18	(5)	**38**	42	(4)
ATCO Electric Transmission	**26**	26	_	**71**	69	2
ATCO Gas	**(8)**	(1)	(7)	**29**	23	6
ATCO Pipelines	**6**	6	_	**16**	16	_
Total Utilities	**37**	49	(12)	**154**	150	4

Adjusted earnings generated by the Utilities were $37 million in the third quarter and $154 million in the first nine months of 2015. Lower earnings in the quarter were mainly the result of prior period adjustments in the third quarter of 2014 that are associated with several regulatory decisions. ATCO Gas earnings were also impacted by higher operations and maintenance costs, partially offset by growth in rate base. Higher adjusted earnings in the first nine months were mainly due to growth in rate base and were partially impacted by the prior period adjustments associated with several regulatory decisions.

To facilitate comparison, adjusted earnings for the third quarter and the first nine months of 2015 and 2014 for each of the Utilities have been normalized in the table below for prior period impacts of the following regulatory decisions:

- The Generic Cost of Capital (GCOC) decision received in the first quarter of 2015 reduced earnings by $19 million. For the first nine months of 2015, normalized earnings have been increased by $17 million for the 2013 and 2014 impact. 2014 normalized earnings have been reduced by $2 million in the third quarter and $7 million for the first nine months.
- The Capital Tracker decisions received in the first quarter of 2015 reduced earnings by $5 million. For the first nine months of 2015, normalized earnings have been increased by $4 million for the 2013 and 2014 impact. 2014 normalized earnings have been reduced by $2 million in the third quarter and $3 million for the first nine months.
- The 2010 Evergreen decision received in the second quarter of 2014 reduced earnings by $14 million. Normalized earnings for the first nine months of 2014 have been increased by $12 million for the portion relating to 2010 to 2013.
- The 2014 Interim Rates decisions received in the third quarter of 2014 increased earnings by $12 million. 2014 normalized earnings have been reduced by $10 million in the third quarter for the portion relating to 2013 and the first half of 2014 and $6 million for the first nine months for the portion relating to 2013.

Normalized Utility Adjusted Earnings

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
ATCO Electric Distribution	**13**	11	2	**44**	39	5
ATCO Electric Transmission	**26**	25	1	**81**	66	15
ATCO Gas	**(8)**	(7)	(1)	**32**	25	7
ATCO Pipelines	**6**	6	_	**18**	16	2
Total Utilities	**37**	35	2	**175**	146	29

More detailed information about the activities and financial results of the Utilities' businesses is provided in the following sections.

ATCO ELECTRIC

ATCO Electric and its subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife), transmit and distribute electricity mainly in northern and central east Alberta, the Yukon and the Northwest Territories. Its service territory includes the oil sands areas near Fort McMurray and the heavy oil areas near Cold Lake and Peace River.

ATCO Electric Distribution

ATCO Electric Distribution's adjusted earnings, excluding the prior period impacts of the GCOC, Capital Tracker, 2010 Evergreen and 2014 Interim Rates decisions, were $2 million higher in the third quarter and $5 million higher in the first nine months of 2015, when compared to the same periods in 2014. Increased earnings resulted primarily from growth in rate base.

ATCO Electric Transmission

ATCO Electric Transmission's adjusted earnings, excluding the prior period impacts of the GCOC and 2010 Evergreen decisions, were $1 million and $15 million higher in the third quarter and first nine months of 2015, when compared to the same periods in 2014. Higher earnings resulted from growth in rate base.

ATCO GAS

ATCO Gas distributes natural gas throughout Alberta and in the Lloydminster area of Saskatchewan. It services municipal, residential, business and industrial customers.

Adjusted earnings in ATCO Gas, excluding the prior period impacts of the GCOC, Capital Tracker, 2010 Evergreen and 2014 Interim Rates decisions, were $1 million lower in the third quarter of 2015 when compared to the same period in 2014 primarily due to higher operations and maintenance costs, partially offset by growth in rate base. Earnings were $7 million higher in the first nine months of 2015 primarily due to growth in both rate base and customers.

ATCO PIPELINES

ATCO Pipelines transmits natural gas in Alberta. This business receives natural gas on its pipeline system at various gas processing plants as well as from other natural gas transmission systems and transports it to end users within the province or to other pipeline systems, primarily for export out of the province.

Adjusted earnings in ATCO Pipelines, excluding the prior period impacts of the GCOC and 2010 Evergreen decisions, were $2 million higher in the first nine months of 2015, when compared to the same period in 2014. Increased year-over-year earnings resulted from growth in rate base.

REGULATORY DEVELOPMENTS

Generic Cost of Capital (2016) (GCOC)

In July 2015, the Alberta Utilities Commission (AUC) issued notice that it will hold a full GCOC proceeding to set the approved ROE and capital structure for the years 2016 and 2017 for the Alberta Utilities. In the third quarter 2015, the AUC established the scope and process for the proceeding, which is expected to commence early in 2016. The ROE and capital structure awarded in the 2013-2015 GCOC decision issued in March 2015 will remain in place on an interim basis for 2016 and subsequent years until changed by the AUC through the upcoming process.

Pension Decision

In September 2015, the Supreme Court of Canada dismissed the ATCO Utilities' appeal related to the 2011 Pension Decision, finding that the AUC's decision to limit the recovery of the Cost of Living Adjustment (COLA) to 50 per cent of the Consumer Price Index with a cap at 3 per cent was reasonable. There is no impact on the Utilities' financial results from the Supreme Court of appeal dismissal as the Company's adjusted earnings have reflected the AUC's original decision since it was rendered in September 2011.

2013 Utility Asset Disposition and 2011 Generic Cost of Capital Appeals

In September 2015, the Alberta Court of Appeal dismissed the appeals of the Alberta Utilities related to the 2013 Utility Asset Disposition Decision and the 2011 Generic Cost of Capital Decision. This decision confirms that utilities are responsible for the cost of assets that are retired due to extraordinary events. There is no current impact on the Utilities' financial results from this decision.

Energy

Energy's activities are conducted through ATCO Power and ATCO Energy Solutions.

REVENUES

Energy segment revenues were $147 million and $534 million in the third quarter and first nine months of 2015 compared to $247 million and $772 million in the same periods of 2014. Lower revenues were primarily as a result of lower flow-through gas sales and lower realized Alberta Power Pool Prices.

ADJUSTED EARNINGS

Adjusted earnings for ATCO Power and ATCO Energy Solutions are shown in the table below.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
ATCO Power						
Independent Power Plants	**5**	7	(2)	**6**	14	(8)
Regulated Power Plants	**5**	4	1	**15**	16	(1)
Total ATCO Power	**10**	11	(1)	**21**	30	(9)
ATCO Energy Solutions						
Storage Operations	**4**	(1)	5	**4**	3	1
NGL Extraction and Gas Gathering & Processing	**(2)**	1	(3)	**(1)**	6	(7)
Other Operations	**(1)**	–	(1)	**(3)**	(3)	–
Total ATCO Energy Solutions	**1**	–	1	**–**	6	(6)
Total Energy	**11**	11	–	**21**	36	(15)

Energy segment adjusted earnings for the third quarter of 2015 were comparable to the same period in 2014. Higher earnings at ATCO Energy Solutions due to a sale of excess gas in Storage Operations were offset by lower earnings in the Independent Power Plants mainly as a result of lower realized Alberta Power Pool prices and spark spreads compared to the same period of 2014. Adjusted earnings decreased in the first nine months of 2015 by $15 million primarily due to lower realized Alberta Power Pool prices and spark spreads, higher operating expenses related to planned maintenance outages, and an increase in the income tax expense in ATCO Power due to the change in the Alberta corporate income tax rate as well as lower frac spreads in ATCO Energy Solutions. These decreases were partially offset by earnings from the amortization of accumulated incentives associated with Power Purchase Arrangements (PPAs).

Detailed information about the activities and financial results of ATCO Power and ATCO Energy Solutions is provided in the following sections.

ATCO POWER

ATCO Power's businesses include the regulated and non-regulated supply of electricity from natural gas, coal-fired and hydroelectric generating plants in western Canada and Ontario.

Generating Plant Availability

ATCO Power's generating availability in Alberta for the third quarter and first nine months of 2015 and 2014 is shown below.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Independent Power Plants (1)	**98%**	97%	1%	**95%**	96%	(1%)
Regulated Power Plants (1) (2) (3)	**91%**	97%	(6%)	**85%**	96%	(11%)

(1) Generating plant capacity fluctuates with the timing and duration of outages.
(2) The Battle River 5 generating plant commenced a major planned maintenance outage in March of 2015 which was completed in the second quarter of 2015.
(3) The Sheerness 1 generating plant commenced and completed a major planned maintenance outage in the first quarter of 2015.

Regulated plant availability was lower in the three months ended September 30, 2015 due to two unplanned outages at Battle River 5. Costs associated with the outages were minimal. Availability decreased in the first nine months of 2015 due to a higher number of planned outages than in 2014.

Independent Power Plants

Adjusted earnings in the third quarter of 2015 from Independent Power Plants were $2 million lower than the same period in 2014 mainly as a result of lower Alberta Power Pool prices and spark spreads compared to the same period of 2014, partly offset by higher realized gains on financial forward contracts and lower administrative costs due to ongoing cost saving initiatives.

Adjusted earnings in the first nine months of 2015 were $8 million lower than the same period in 2014. This is primarily due to lower Alberta Power Pool prices, partially offset by higher realized gains on financial forward contracts. Also contributing to lower earnings was a $5 million increase in current and deferred income tax expense related to the change in the Alberta corporate income tax rate.

Lower Alberta Power Pool prices and reduced price volatility in 2015 were primarily attributable to increased supply of electricity in the Alberta market when compared to 2014.

Average Alberta Power Pool and natural gas prices and the resulting spark spreads for the three and nine months ended September 30, 2015 and 2014, are shown in the table below.

	Three Months Ended September 30			Nine Months Ended September 30		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Average Alberta Power Pool electricity price *($/MWh)*	**26.09**	64.33	(59%)	**37.44**	55.80	(33%)
Average natural gas price *($/GJ)*	**2.75**	3.81	(28%)	**2.63**	4.51	(42%)
Average spark spread *($/MWh)*	**5.46**	35.75	(85%)	**17.71**	21.97	(19%)

Regulated Power Plants

The electricity generated by the Battle River 5 and Sheerness plants is sold through PPAs. Under the PPAs, ATCO Power must make the generating capacity for each generating unit available to the PPA purchaser of that unit. These arrangements entitle ATCO Power to recover its forecast fixed and variable costs from the PPA purchaser. Under the terms of the PPAs, ATCO Power is subject to an incentive regime related to the generating unit availability. Incentives are payable by the PPA counterparties for availability in excess of predetermined targets. These amounts are amortized based on estimates of future generating unit availability and future electricity prices over the term of the PPAs.

Third quarter 2015 adjusted earnings from the Regulated Power Plants were comparable to the same period of 2014. Earnings in the first nine months of 2015 were $1 million lower than the same period in 2014 primarily due to higher operating expenses related to planned maintenance outages at Battle River 5 and Sheerness 1, partially offset by earnings from the amortization of accumulated incentives associated with PPAs in the first quarter of 2015.

Major Project Updates

Distributed Generation

ATCO Power has been providing an innovative temporary power generation service to Apache Canada Ltd. at their House Mountain facility west of Swan Hills since March of 2015, generating power from excess natural gas. In the third quarter of 2015, ATCO Power and Apache entered into a 10-year contract at House Mountain to continue to provide power generation service using excess natural gas. ATCO Power will be the sole owner and operator of the $13 million, 6 MW power generation facility, which will replace the temporary generation units. This facility has an expected in-service date of May 2016.

Due to the success of this project, ATCO Power committed to purchase a further six 1.5 MW natural gas fired portable units in the third quarter of 2015. A site is being developed to house these additional units when they are not leased to customers. The generation units and site development represent a $18 million investment that is expected to begin generating revenue in 2016.

These distributed generation projects align with the Company's strategy of fostering continuous improvement and innovation through research and development by building a fleet of portable natural gas-fired units that can be deployed for temporary or permanent projects.

ATCO ENERGY SOLUTIONS

ATCO Energy Solutions’ businesses include non-regulated natural gas gathering, processing, storage and transmission, natural gas liquids extraction, electricity transmission and industrial water services.

Adjusted earnings were $1 million higher in the third quarter of 2015 than in the same period of 2014 mainly as a result of the sale of excess natural gas which generated $3 million in adjusted earnings, partially offset by continued weak NGL prices and lower frac spreads. In the first nine months of 2015, adjusted earnings were $6 million lower when compared to the same period in 2014 due to continued weak NGL prices and low frac spreads. Average industry frac spreads were $3.38/GJ in the third quarter of 2015 compared to $9.23/GJ in the prior year; frac spreads in the first nine months of 2015 were $4.03/GJ compared to $10.23/GJ in 2014, excluding transportation costs and location price differentials. ATCO Energy Solutions' frac spreads were further impacted by its exposure to propane prices which experienced greater decline resulting from warmer weather.

In addition to the sale of excess natural gas in the third quarter of 2015, ATCO Energy Solutions has an agreement to sell further excess natural gas in the fourth quarter of 2015, which will generate approximately $5 million in adjusted earnings.

Major Project Updates

Hydrocarbon Storage

ATCO Energy Solutions, in partnership with Petrogas Energy Corp., is developing four salt caverns with capacity to store approximately 400,000 cubic metres of hydrocarbons at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta. Long-term contracts have been secured for all four salt caverns. The total partnership investment is approximately $200 million. ATCO Energy Solutions has a 60 per cent partnership interest.

Construction continues with commercial operation for the first two caverns targeted for the third quarter of 2016 and the two remaining caverns are expected to be completed by the third quarter of 2017.

Industrial Water

In the third quarter of 2015, construction was completed on two industrial water projects in Alberta's Industrial Heartland region. These projects will provide essential water transportation services and other value benefits to customers in the area. The North West Redwater Partnership project and the Air Products project will both be in operation and contributing to earnings in the fourth quarter of 2015.

ATCO Australia

The ATCO Australia segment consists of two distinct business operations: ATCO Gas Australia and ATCO Power Australia.

REVENUES

Revenues of $63 million and $180 million in the third quarter and first nine months of 2015, were lower than the same periods of 2014 by $7 million and $25 million. The decreases were mainly due to the sale of the Company's information technology services to Wipro in August of 2014, lower flow-through recovery of carbon taxes and the closure of the Bulwer Island power plant in June 2015, partially offset by higher customer rates from rate base growth.

ADJUSTED EARNINGS

Adjusted earnings for ATCO Australia are shown in the table below.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
ATCO Gas Australia	**9**	8	1	**11**	14	(3)
ATCO Power Australia	**2**	3	(1)	**8**	9	(1)
Other (1)	**–**	(2)	2	**(3)**	(3)	–
Total ATCO Australia	**11**	9	2	**16**	20	(4)

(1) Other includes ATCO I-Tek Australia to mid-August 2014 and ATCO Australia's corporate office.

Detailed information about the activities and financial results of ATCO Australia is provided below.

ATCO GAS AUSTRALIA

ATCO Gas Australia is a regulated provider of natural gas distribution services in Western Australia. It serves metropolitan Perth and surrounding regions.

ATCO Gas Australia's adjusted earnings in the third quarter of 2015 were higher than the same period of 2014 primarily as a result of interest savings related to the Company's refinancing of its long-term debt at favourable rates, continued growth in rate base, and savings due to cost reduction initiatives. Adjusted earnings in the first nine months of 2015 were lower than the same period in 2014 mainly as a result of the Access Arrangement decision received in July 2015.

The Access Arrangement decision is effective from July 2014 to December 2019. The decision reduced adjusted earnings in the first nine months of 2015 by $10 million. Of this amount, only $4 million related to 2015 and $6 million related to the prior year. Excluding the prior period impacts of the Access Arrangement decision, ATCO Gas Australia's adjusted earnings were $17 million in the first nine months of 2015, which is $9 million higher than the same period in 2014. Higher adjusted earnings were due to interest savings related to the Company's refinancing of its long-term debt at favourable rates, continued growth in rate base, and savings due to cost reduction initiatives.

Regulatory Developments

Access Arrangement Decision

In July 2015, the Economic Regulation Authority (ERA) released its Final Decision for ATCO Gas Australia's next Access Arrangement period (AA4) from July 2014 to December 2019. The decision resulted in a reduced ROE from 10.4 per cent to 7.28 per cent.

In October 2015, ATCO Gas Australia filed an Appeal Application for leave to seek a review of the decision with the Australian Competition Tribunal (ACT) and an application for Judicial Review with the Supreme Court of Western Australia will be lodged in November 2015. The process is expected to conclude in the second quarter of 2016.

ATCO POWER AUSTRALIA

ATCO Power Australia supplies electricity from two natural gas-fired generation plants in Adelaide, South Australia, and Karratha, Western Australia. Additionally, the Bulwer Island plant in Brisbane provided co-generation steam. As a result of British Petroleum's (BP) announcement to close its Brisbane oil refinery in mid-2015, the Bulwer Island plant was closed on June 24, 2015.

Adjusted earnings for ATCO Power Australia in the third quarter and first nine months of 2015 were $1 million lower than the same periods in 2014. Earnings in the third quarter and first nine months of 2015 were lower mainly due to forgone earnings from the Bulwer Island plant closure in June 2015, and a positive insurance settlement in the third quarter of 2014.

Availability of the plants can affect ATCO Power Australia earnings. Availability fluctuates with timing and duration of outages. Availability in the third quarter and first nine months of 2015 was 99 per cent and 98 per cent, respectively, compared to 96 per cent and 97 per cent in the same periods in 2014.

Corporate & Other

The Corporate & Other segment includes the strategic growth investments in long-term contracted electricity transmission infrastructure in Alberta and geographical expansion into Mexico. In addition, the segment includes the commercial real estate owned by the Company in Alberta and also included ATCO I-Tek until August 2014. ATCO I-Tek was sold by the Company in August 2014 to Wipro Ltd., a global information technology, consulting and business process services company.

Corporate & Other adjusted earnings in the three and nine months ended September 30, 2015 were lower than the same periods in 2014 by $3 million and $13 million, respectively. The decreased earnings resulted mainly from forgone earnings due to the sale of ATCO I-Tek in the third quarter of 2014.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the three and nine months ended September 30, 2015 and 2014, is given below. These amounts are presented in accordance with IFRS accounting standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Operating costs	**634**	692	(58)	**1,847**	2,117	(270)
Earnings from investment in joint ventures	**4**	3	1	**6**	11	(5)
Depreciation, amortization and impairment	**143**	132	11	**428**	406	22
Net finance costs	**70**	73	(3)	**210**	223	(13)
Income taxes	**38**	58	(20)	**200**	185	15

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation, amortization and impairment, decreased by $58 million in the third quarter and by $270 million in the first nine months of 2015. Lower expenses resulted from reduced activity levels in some business segments, as well as the Company's cost reduction initiatives in response to challenging market conditions.

EARNINGS (LOSS) FROM INVESTMENT IN JOINT VENTURES

Earnings from investment in joint ventures were lower in the first nine months of 2015, when compared to the same periods of 2014. The decrease for the nine months ended September 30, 2015 was primarily due to an impairment recorded in the second quarter of 2015 by ATCO Structure & Logistics of $7 million as a result of challenging market conditions in its joint venture open lodge business.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

In the third quarter and first nine months of 2015, depreciation, amortization and impairment expense increased by $11 million and $22 million, respectively, compared to the same periods in 2014. The increased depreciation and amortization expense was mainly due to the ongoing significant capital investment program in the Utilities.

NET FINANCE COSTS

Net finance costs decreased by $3 million in the third quarter and by $13 million in the first nine months of 2015 compared to the same periods in the prior year, in part as a result of lower finance costs in ATCO Australia due to its strategic refinancing at favourable rates. These lower costs were partially offset by higher interest expense for incremental debt raised in 2014 to fund the Utilities' significant capital investment program.

INCOME TAXES

Income taxes decreased by $20 million in the third quarter primarily due to lower earnings before income taxes, partially offset by higher taxes as a result of an increase in Alberta's corporate tax rate from 10 per cent to 12 per cent effective July 1, 2015. Income taxes increased by $15 million in the first nine months, primarily due to a tax adjustment of $69 million ($37 million after non-controlling interests) relating to current and deferred taxes for the increase in Alberta's corporate tax rate, partially offset by the lower earnings before income taxes year-over-year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position is supported by regulated utility and long-term contracted operations. Its business strategies, funding of operations, and planned future growth are supported by maintaining strong investment grade credit ratings and access to capital markets at competitive rates. Primary sources of capital are cash flow from operations and the debt and preferred share capital markets. An additional source of capital is the Class A non-voting shares Canadian Utilities issues under its Dividend Reinvestment Plan (DRIP).

The Company considers it prudent to maintain enough liquidity to fund approximately one full year of cash requirements to preserve strong financial flexibility. Liquidity is generated by cash flow from operations and is supported by appropriate levels of cash and available committed credit facilities.

LINES OF CREDIT

At September 30, 2015, the Company and its subsidiaries had the following lines of credit:

($ millions)	**Total**	**Used**	**Available**
Long-term committed	**2,998**	549	2,449
Uncommitted	**323**	110	213
Total	**3,321**	659	2,662

Of the $3,321 million in total credit lines, $323 million was in the form of uncommitted credit facilities with no set maturity date. The other $2,998 million in credit lines were committed, with $675 million maturing in late 2016. The remaining lines of credit mature between 2017 and 2019 and may be extended at the option of the lenders.

The majority of the $659 million credit line usage was associated with ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. Credit lines for ATCO Gas Australia are provided by Australian banks, with the majority of all other credit lines provided by Canadian banks.

CONSOLIDATED CASH FLOW

At September 30, 2015, the Company's cash position was $858 million, an increase of $268 million since December 31, 2014. The main drivers for the increase were the timing of capital expenditures, earnings achieved in the period, and receipt of customer contributions, which are provided as payment in advance for future utility services, partly offset by cash used for capital expenditures.

Funds generated by operations

Funds generated by operations for the third quarter and first nine months ended September 30, 2015 were $3 million and $65 million lower than the same period in 2014, respectively. These decreases were mainly as a result of lower earnings attributable to Class I and Class II Shares, partially offset by increased contributions received from customers for utility capital expenditures and lower income taxes paid.

Cash used for capital expenditures

Cash used for capital expenditures was $428 million in the third quarter and $1,246 million in the first nine months of 2015, compared to $618 million and $1,723 million in the same periods of 2014. The decreases were primarily due to previously disclosed and planned lower capital spending in ATCO Electric Transmission.

Capital Expenditures

($ millions) [1]	Three Months Ended September 30 2015	2014	Change	Nine Months Ended September 30 2015	2014	Change
Structures & Logistics	**9**	31	(22)	**46**	57	(11)
Electric Transmission	**93**	329	(236)	**330**	961	(631)
Electric Distribution	**80**	95	(15)	**255**	261	(6)
Gas Distribution	**90**	83	7	**231**	212	19
Pipeline Transmission	**66**	41	25	**130**	121	9
Energy	**20**	15	5	**99**	37	62
ATCO Australia	**22**	22	–	**57**	61	(4)
Corporate & Other	**48**	2	46	**98**	13	85
Total	**428**	618	(190)	**1,246**	1,723	(477)

(1) Includes additions to property, plant and equipment and intangibles as well as $27 million and $77 million (2014 - $14 million and $55 million) of interest capitalized during construction for the three months and nine months ended September 30, 2015.

Base Shelf Prospectuses

CU Inc. Debentures

On July 24, 2014, the Company's subsidiary, CU Inc., filed a base shelf prospectus that permits it to issue up to an aggregate of $2.6 billion of debentures over the 25-month life of the prospectus. As of October 21, 2015, aggregate issuances of debentures were $1.6 billion.

Canadian Utilities Debt Securities and Preferred Shares

On December 4, 2013, the Company's subsidiary, Canadian Utilities, filed a base shelf prospectus that permits it to issue up to an aggregate of $2 billion of debt securities and preferred shares over the 25-month life of the prospectus. As of October 21, 2015, aggregate issuances of preferred shares were $375 million.

On August 7, 2015, the Company's subsidiary, Canadian Utilities, issued $125 million of 5.25 per cent Cumulative Redeemable Second Preferred Shares Series EE under its base shelf prospectus. On September 24, 2015, Canadian Utilities issued $250 million of 4.50 per cent Cumulative Redeemable Second Preferred Shares Series FF under its base shelf prospectus. The proceeds of both issuances were used for capital expenditures, to repay indebtedness, and for other general corporate purposes.

Dividends and Common Shares

ATCO Ltd. has increased its common share dividend each year since 1993. In each of the last four years, the Company has increased its quarterly dividend by 15 per cent. Dividends paid to Class I and Class II Share owners in the third quarter and first nine months of 2015 totaled $29 million and $86 million, respectively. On October 16, 2015, the Board of Directors declared a fourth quarter dividend of 24.75 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on the Company's financial condition and other factors.

15% increase in quarterly dividend for the fourth consecutive year

On March 2, 2015, ATCO Ltd. commenced a normal course issuer bid for the purchase of up to 2,030,168 of the outstanding Class I Shares. The bid expires on February 29, 2016. From March 2, 2015 to October 21, 2015, 41,800 shares were purchased, all of which were purchased in the third quarter.

Canadian Utilities Dividend Reinvestment Plan

In the third quarter of 2015, Canadian Utilities issued 707,582 Class A non-voting shares under its DRIP in lieu of cash dividend payments of $24 million. ATCO Ltd. elected to receive 368,884 Class A non-voting shares in lieu of cash dividends of $12 million, thereby maintaining its 53.2 per cent ownership interest in Canadian Utilities.

In the nine months ended September 30, 2015, Canadian Utilities issued 2,013,598 Class A non-voting shares under its DRIP in lieu of cash dividend payments of $74 million. ATCO Ltd. elected to receive 1,064,575 Class A non-voting shares in lieu of cash dividends of $39 million, thereby maintaining its 53.2 per cent ownership interest in Canadian Utilities.

SHARE CAPITAL

ATCO Ltd.'s equity securities consist of Class I Shares and Class II Shares.

At October 21, 2015, the Company had outstanding 101,533,123 Class I Shares, 13,609,505 Class II Shares, and options to purchase 798,100 Class I Shares.

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. If an offer to purchase all Class II Shares is made, and such offer is accepted and taken up by the owners of a majority of the Class II Shares, and, if at the same time, an offer is not made to the Class I Share owners on the same terms and conditions, then the Class I Shares will be entitled to the same voting rights as the Class II Shares. The two share classes rank equally in all other respects.

Of the 10,200,000 Class I Shares authorized for grant of options under ATCO Ltd.'s stock option plan, 2,808,550 Class I Shares were available for issuance at September 30, 2015. Options may be granted to the Company's officers and key employees at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended December 31, 2013, through September 30, 2015.

($ millions except for per share data)	**Q4 2014**	**Q1 2015**	**Q2 2015**	**Q3 2015**
Revenues	1,176	1,072	947	**985**
Earnings attributable to Class I and Class II Shares	94	94	8	**53**
Earnings per Class I and Class II Share *($)*	0.82	0.82	0.07	**0.46**
Diluted earnings per Class I and Class II Share *($)*	0.82	0.82	0.06	**0.46**
Adjusted earnings				
Structures & Logistics	26	5	(2)	**11**
Utilities	68	62	55	**37**
Energy	17	6	4	**11**
ATCO Australia	7	7	(2)	**11**
Corporate & Other	(1)	(2)	2	**(4)**
Total adjusted earnings	117	78	57	**66**

($ millions except for per share data)	**Q4 2013**	**Q1 2014**	**Q2 2014**	**Q3 2014**
Revenues	1,164	1,226	1,114	**1,038**
Earnings attributable to Class I and Class II Shares	71	127	66	**133**
Earnings per Class I and Class II Share *($)*	0.61	1.11	0.57	**1.16**
Diluted earnings per Class I and Class II Share *($)*	0.61	1.10	0.57	**1.15**
Adjusted earnings				
Structures & Logistics	22	16	8	**17**
Utilities	50	74	27	**49**
Energy	15	18	7	**11**
ATCO Australia	9	4	7	**9**
Corporate & Other	1	3	8	**(1)**
Total adjusted earnings	97	115	57	**85**

The financial results for the previous eight quarters reflect continued growth in the Company's utility operations and fluctuating commodity prices in power generation and sales, and natural gas gathering, processing, storage and liquids extraction operations. In addition, interim results will vary due to the seasonal nature of demand for electricity and natural gas, the timing of utility regulatory decisions and the cyclical demand for workforce housing and space rental products and services.

Adjusted Earnings

Structures & Logistics The cyclical nature of large natural resource project activity has influenced the financial results in 2014 and 2015. Lower manufacturing activity and profit margins in the first half of 2014 resulted in decreased earnings. Increased earnings in the third and fourth quarters of 2014 were related to activity associated with the completion of the BHP Billiton Jansen Potash and initial Wheatstone projects which were completed at the end of the fourth quarter of 2014. Reduced lodging occupancy levels and room rates along with lower manufacturing activity and profit margins contributed to lower earnings in the first half of 2015. Improved earnings in the third quarter of 2015 are associated with Modular Structures manufacturing activity on the second phase of the Wheatstone project.

Utilities

The large capital investment made by the Utilities in the previous eight quarters has contributed to a general increase in adjusted earnings. This growth is most evident in ATCO Electric Transmission's operations, where significant capital has been added as a result of the expansion and reinforcement of the transmission network in several regions of Alberta. These expenditures, on which the Utilities earn a regulated return on investment, drive growth in adjusted earnings. Utilities' adjusted earnings have also been affected by the timing of certain major regulatory decisions. Lower adjusted earnings in the second quarter of 2014 reflected the financial impact of the 2010 Evergreen Decision. Higher adjusted earnings in the third quarter of 2014 reflected the impact of the 2014 Interim Rates Decisions. Lower adjusted earnings in the first quarter of 2015 reflect the financial impact of the GCOC and Capital Tracker decisions. Due to the seasonal nature of demand for natural gas, ATCO Gas typically achieves lower earnings in the second and third quarters of any year which impacts overall Utilities earnings.

Energy

Financial results in the Energy segment are significantly influenced by Alberta Power Pool prices and natural gas prices. Unfavourable market conditions mainly due to increased supply of electricity in the Alberta market resulted in reduced earnings from the second quarter of 2014 onward. In the fourth quarter of 2014, the sale of excess natural gas at ATCO Energy Solutions resulted in increased earnings. Unfavourable NGL frac spreads and storage fees in ATCO Energy Solutions contributed to lower earnings in the first quarter of 2015. Lower storage fees and reduced power prices in the second quarter of 2015 resulted in lower earnings. Earnings in the third quarter of 2015 reflect unfavourable Alberta Power Pool prices, partially offset by higher realized gains on financial forward contracts in ATCO Power, as well as lower frac spreads, partially offset by the sale of excess gas at ATCO Energy Solutions.

ATCO Australia

ATCO Australia’s gas distribution utility continued to invest in utility infrastructure on which it earns a regulated return. Adjusted earnings over the eight quarters reflect this growth in rate base. Starting in the last quarter of 2013, adjusted earnings also reflect reduced financing costs from the refinancing of debt and a credit rating upgrade. Fluctuations in quarterly earnings are also caused by the timing of power plant outages, the variability in the actual inflation factor applied to the utility’s rate base and the timing of business development expenditures. Reduced adjusted earnings in the second quarter of 2015 reflect the financial impact of the Access Arrangement decision.

Earnings attributable to Class I and Class II Shares

Earnings attributable to Class I and Class II Shares include one-time gains and losses, significant impairments and other items that are not in the normal course of business or a result of day-to-day operations recorded at various times over the past eight quarters. These items are excluded from adjusted earnings.

In the third quarter of 2014, the Company recognized a gain on sale of ATCO I-Tek of $74 million.

Partially offsetting this gain were the following adjustments for the timing of revenues and expenses associated with rate-regulated activities, significant impairments and one-time items not in the normal course of business or the result of day-to-day operations:

- In the third quarter of 2015, the Company recognized a restructuring charge of $3 million;
- In the second quarter of 2015, the Company recognized a restructuring charge of $3 million and an impairment of open lodge assets of $13 million;
- In the second quarter of 2015, the Government of Alberta announced an increase in the provincial corporate tax rate from 10 per cent to 12 per cent effective July 1, 2015. As a result, the Company made an adjustment of $37 million to current and deferred income taxes in the second quarter of 2015, of which $34 million related to the deferred income taxes in the Utilities segment that was excluded from adjusted earnings;
- in the fourth quarter of 2014, the Company recognized an impairment of certain gas gathering, processing and liquids extraction facilities of $7 million;
- in the second quarter of 2014, the Company recognized an impairment for the Bulwer Island power station in Australia of $6 million; and
- in the fourth quarter of 2013, the Company recognized impairments of certain power generation assets in the U.K. and Australia of $19 million and certain natural gas gathering, processing and liquids extraction assets in Canada of $6 million.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Adjusted earnings are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings that management uses to assess segment performance and allocate resources. It is management's view that adjusted earnings allow a better assessment of the economics of rate regulation in Canada and Australia than IFRS earnings.

The following table reconciles adjusted earnings to earnings attributable to Class I and Class II Shares.

($ millions)							**Three Months Ended September 30**
2015 2014	**Structures & Logistics**	**Utilities**	**Energy**	**ATCO Australia**	**Corporate & Other**	**Intersegment Eliminations**	**Total**
Revenues	**280**	**504**	**147**	**63**	**8**	**(17)**	**985**
	239	468	247	70	50	(36)	1,038
Adjusted earnings	**11**	**37**	**11**	**11**	**(4)**	**–**	**66**
	17	49	11	9	(1)	–	85
Restructuring costs	**(1)**	**(1)**	**(1)**	**–**	**–**	**–**	**(3)**
	–	–	–	–	–	–	–
Gain (loss) on sale of information technology services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	(2)	76	–	74
Rate-regulated activities	**–**	**(7)**	**–**	**(1)**	**–**	**(2)**	**(10)**
	–	(24)	–	(1)	–	(1)	(26)
Earnings attributable to Class I and Class II Shares	**10**	**29**	**10**	**10**	**(4)**	**(2)**	**53**
	17	25	11	6	75	(1)	133

($ millions)							Nine Months Ended September 30
2015 2014	**Structures & Logistics**	**Utilities**	**Energy**	**ATCO Australia**	**Corporate & Other**	**Intersegment Eliminations**	**Total**
Revenues	**601**	**1,712**	**534**	**180**	**24**	**(47)**	**3,004**
	712	1,645	772	205	181	(137)	3,378
Adjusted earnings	**14**	**154**	**21**	**16**	**(4)**	**–**	**201**
	41	150	36	20	9	1	257
Restructuring costs	**(1)**	**(2)**	**(2)**	**(1)**	**–**	**–**	**(6)**
	–	–	–	–	–	–	–
Gain (loss) on sale of information technology services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	(2)	76	–	74
Impairments	**(13)**	**–**	**–**	**–**	**–**	**–**	**(13)**
	–	–	–	(6)	–	–	(6)
Rate-regulated activities:							
Change in income taxes	**–**	**(34)**	**–**	**–**	**–**	**–**	**(34)**
	–	–	–	–	–	–	–
Other	**–**	**1**	**–**	**7**	**–**	**(1)**	**7**
	–	5	–	(2)	–	(2)	1
Earnings attributable to Class I and Class II Shares	**–**	**119**	**19**	**22**	**(4)**	**(1)**	**155**
	41	155	36	10	85	(1)	326

RESTRUCTURING COSTS

In the third quarter and first nine months of 2015, the Company recorded restructuring costs of $3 million and $6 million that were included in Earnings Attributable to Class I and Class II Shares. These costs were primarily related to staff reductions and associated severance costs as well as the restructuring of a fuel supply contract in ATCO Power. The Company estimates that restructuring the fuel supply contract at the Battle River generating plant may reduce the fuel purchase obligation by more than $125 million over the expected life of the units.

GAIN ON SALE OF INFORMATION TECHNOLOGY SERVICES AND JOINT VENTURE

In the third quarter of 2014, the Company adjusted for the $74 million gain on sale of its information technology services after non-controlling interests. The proceeds from the sale were used to finance the Company's growth initiatives, including the significant capital expenditure program in the Utilities.

IMPAIRMENTS

In the second quarter of 2015, the Company recorded an impairment charge of $13 million relating to ATCO Structures & Logistics open lodge assets. This charge was as a result of a sustained reduction in contracted rooms and rate charges caused by ongoing low commodity prices and reduced capital expenditures of key clients.

In the second quarter of 2014, the Company adjusted for an impairment of $6 million relating to ATCO Power Australia's Bulwer Island power station.

RATE-REGULATED ACTIVITIES

There is currently no specific guidance under IFRS for rate-regulated entities that the Company is eligible to adopt. Prior to adopting IFRS, the Company used standards for rate-regulated operations issued by the Financial Accounting Standards Board (FASB) in the United States as a source of generally accepted accounting principles. The Company continues to use these FASB standards to fairly present the operating results of its rate-regulated activities.

Rate-regulated accounting reduces earnings volatility as the Company defers the recognition of revenue when cash is received in advance of future expenditures and it recognizes revenue for recoverable costs incurred in advance of future billings to customers. Under IFRS, the Company records revenues when amounts are billed to customers and recognizes costs when they are incurred. The Company does not recognize their recovery until changes to customer rates are reflected in future customer billings.

Under rate-regulated accounting, the Company recognizes revenues from regulatory decisions that relate to current and prior periods when the decisions are received. Under IFRS, the Company recognizes those revenues when customer rates are changed and customers are billed.

Finally, under rate-regulated accounting, amounts relating to intercompany profits recognized in rate base by a regulator are not eliminated on consolidation. Under IFRS, however, intercompany profits are eliminated on consolidation. The Company then recognizes those profits in earnings when amounts are billed to customers over the life of the asset.

Change in Income Taxes

In the second quarter of 2015, the Government of Alberta announced an increase in the provincial corporate tax rate from 10 per cent to 12 per cent effective July 1, 2015. As a result of this change, the Company increased deferred income taxes and reduced earnings for the nine months ended September 30, 2015 by $34 million. For purposes of adjusted earnings, rate-regulated accounting results in the recognition of revenues in the current period for the deferred income taxes to be billed to customers in future periods.

Timing adjustments made in rate-regulated accounting are shown in the following table.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Additional revenues billed in current period						
Future removal and site restoration costs	**4**	4	–	**15**	19	(4)
Finance costs on major transmission capital projects	**9**	4	5	**26**	17	9
Impact of colder temperatures on revenues	**–**	–	–	**–**	5	(5)
Other	**2**	(2)	4	**4**	2	2
Total	**15**	6	9	**45**	43	2
Revenues to be billed in future period						
Deferred income taxes (1)	**(14)**	(9)	(5)	**(41)**	(33)	(8)
Deferred income taxes due to increase in provincial corporate tax rate (1)	**–**	–	–	**(34)**	–	(34)
Transmission access payments	**(2)**	(6)	4	**(7)**	(7)	–
Transmission capital deferral	**(3)**	(1)	(2)	**(8)**	(2)	(6)
Impact of warmer temperatures on revenues	**–**	–	–	**(7)**	–	(7)
Impact of inflation on rate base for ATCO Gas Australia	**(2)**	(1)	(1)	**(5)**	(4)	(1)
Other	**–**	–	–	**(1)**	(2)	1
Total	**(21)**	(17)	(4)	**(103)**	(48)	(55)
Regulatory decisions related to current and prior periods						
GCOC decision (2)	**2**	–	2	**24**	–	24
Capital Tracker decisions (2)	**–**	–	–	**6**	–	6
2010 Evergreen decision (2)	**–**	1	(1)	**–**	15	(15)
Interim Rates decisions (2)	**4**	(12)	16	**(3)**	(12)	9
ATCO Gas Australia Access Arrangement decision (3)	**–**	–	–	**10**	–	10
Transmission capital deferral refunds (4)	**(11)**	–	(11)	**(11)**	(5)	(6)
ATCO Gas Australia appeal decision	**–**	–	–	**–**	2	(2)
Weather refunds	**–**	–	–	**(3)**	–	(3)
Other	**3**	(3)	6	**9**	8	1
Total	**(2)**	(14)	12	**32**	8	24
Elimination of intercompany profits related to the construction of property, plant and equipment and intangible assets	**(2)**	(1)	(1)	**(1)**	(2)	1
Total adjustments	**(10)**	(26)	16	**(27)**	1	(28)

Notes:

(1) Deferred income taxes

Deferred income taxes are a non-cash expense incurred by the Company for temporary differences between the book value and tax value of assets and liabilities. Unless directed by the regulator, deferred incomes taxes are not billed to customers until income taxes are paid by the Company. The change in the deferred income taxes for the nine months ended September 30, 2015, primarily relates to the increase to Alberta's corporate income tax rate from 10 per cent to 12 per cent.

(2) Utilities Regulatory decisions

Refer to the “Segmented Information: Utilities” section for a description of these items in this MD&A as well as the First and Second Quarter 2015 and 2014 Annual MD&As.

(3) ATCO Gas Australia Access Arrangement decision

Refer to the “Segmented Information: Australia” section for a description of these items in this MD&A as well as the First and Second Quarter 2015 and 2014 Annual MD&As.

(4) Transmission capital deferral refunds

For major transmission capital projects, ATCO Electric’s billings to AESO include a return on forecast rate base. When actual capital costs vary from forecast capital costs, the return on rate base, and the resulting billings to the AESO, will be higher or lower than expected. Under rate-regulated accounting, differences between billings to the AESO and the return on actual rate base are deferred for future recovery or refund. In the third quarter of 2015, ATCO Electric refunded to customers amounts over-collected in prior periods for major transmission capital projects.

ACCOUNTING CHANGES

Certain new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) or IFRS Interpretations Committee (IFRIC) do not have to be adopted in the current period. These standards or interpretations are substantially unchanged from those reported in the 2014 MD&A, with the exception of IFRS 9 (2013) Financial Instruments, which was early adopted effective January 1, 2015. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and previous versions of IFRS 9. The standard provides revised guidance on the classification and measurement of financial assets and liabilities adding guidance on general hedge accounting. The adoption of this standard did not have a material impact on the Company's financial results.

There were no new or amended standards issued by the IASB or IFRIC in the third quarter of 2015 that the Company anticipates will have a material effect on the unaudited interim consolidated financial statements or note disclosures.

CONTROLS AND PROCEDURES

INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in the Company’s internal control over financial reporting that occurred during the period beginning on July 1, 2015, and ended on September 30, 2015, that materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Funds generated by operations is defined as cash flow from operations before changes in non-cash working capital. In management’s opinion, funds generated by operations is a significant performance indicator of the Company’s ability to generate cash during a period to fund capital expenditures without changes in non-cash working capital. Funds generated by operations does not have any standardized meaning under IFRS and might not be comparable to similar measures presented by other companies.

Adjusted earnings are defined as earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the U.S. accounting principles for rate-regulated activities. Management’s view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in this MD&A. Adjusted earnings is an additional GAAP measure presented in Note 3 to the 2015 unaudited interim consolidated financial statements.

FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A 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 Company 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.

The Company’s actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, and other factors, many of which are beyond the control of the Company.

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

ADDITIONAL INFORMATION

Canadian Utilities has published its unaudited interim consolidated financial statements and its MD&A for the nine months ended September 30, 2015. Copies of these documents may be obtained upon request from Investor Relations at 1500, 909 -11th Avenue S.W., Calgary, Alberta, T2R 1N6, telephone 403-292-7500, fax 403-292-7532 or email investorrelations@atco.com.

GLOSSARY

Adjusted earnings means earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations. Refer to the “Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares” section for a description of these items.

AESO means the Alberta Electric System Operator.

Alberta Power Pool means the market for electricity in Alberta operated by AESO.

AUC means the Alberta Utilities Commission.

Availability is a measure of time, expressed as a percentage of continuous operation, that a generating unit is capable of producing electricity, regardless of whether the unit is actually generating electricity.

Class I Shares means Class I Non-Voting Shares of the Company.

Class II Shares means Class II Voting Shares of the Company.

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

DRIP means the dividend reinvestment plan (refer to the "Canadian Utilities Dividend Reinvestment Plan" section).

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.

GAAP means Canadian generally accepted accounting principles.

Gigajoule (GJ) is a unit of energy equal to approximately 948.2 thousand British thermal units.

IFRS means International Financial Reporting Standards.

LNG means liquefied natural gas.

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

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

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.

PBR means Performance Based Regulation.

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. PPA are legislatively mandated and approved by the AUC.

Spark spread is the difference between the selling price of electricity and the marginal cost of producing electricity from natural gas. In this MD&A, spark spreads are based on an approximate industry heat rate of 7.5 GJ per MWh.

U.K. means United Kingdom.

U.S. means United States of America.

ATCO LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

ATCO LTD.
CONSOLIDATED STATEMENT OF EARNINGS

(millions of Canadian Dollars except per share data)	Note	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Revenues		**985**	1,038	**3,004**	3,378
Costs and expenses					
Salaries, wages and benefits		**(163)**	(179)	**(478)**	(531)
Energy transmission and transportation		**(46)**	(42)	**(142)**	(126)
Plant and equipment maintenance		**(59)**	(76)	**(204)**	(179)
Fuel costs		**(45)**	(114)	**(194)**	(361)
Purchased power		**(18)**	(14)	**(57)**	(48)
Materials and consumables		**(183)**	(138)	**(361)**	(434)
Depreciation, amortization and impairment		**(143)**	(132)	**(428)**	(406)
Franchise fees		**(36)**	(35)	**(150)**	(164)
Property and other taxes		**(20)**	(20)	**(68)**	(73)
Other		**(64)**	(74)	**(193)**	(201)
		(777)	(824)	**(2,275)**	(2,523)
		208	214	**729**	855
Gain on sales of operations		**-**	160	**-**	160
Earnings from investment in joint ventures		**4**	3	**6**	11
Operating profit		**212**	377	**735**	1,026
Interest income		**4**	4	**9**	8
Interest expense		**(74)**	(77)	**(219)**	(231)
Net finance costs		**(70)**	(73)	**(210)**	(223)
Earnings before income taxes		**142**	304	**525**	803
Income taxes	4	**(38)**	(58)	**(200)**	(185)
Earnings for the period		**104**	246	**325**	618
Earnings attributable to:					
Class I and Class II Shares		**53**	133	**155**	326
Non-controlling interests		**51**	113	**170**	292
		104	246	**325**	618
Earnings per Class I and Class II Share	9	**$ 0.46**	$ 1.16	**$ 1.35**	$ 2.84
Diluted earnings per Class I and Class II Share	9	**$ 0.46**	$ 1.15	**$ 1.34**	$ 2.82

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ATCO LTD.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	**2015**	**2014**	**2015**	**2014**
Earnings for the period	**104**	246	**325**	618
Other comprehensive income (loss), net of income taxes:				
Items that will not be reclassified to earnings:				
Re-measurement of retirement benefits (1)	**3**	15	**20**	(122)
Share of other comprehensive income (loss) of joint ventures (2)	**1**	(3)	**(2)**	(2)
	4	12	**18**	(124)
Items that have been or may be reclassified subsequently to earnings:				
Cash flow hedges (3)	**9**	4	**(4)**	13
Cash flow hedges reclassified to earnings (4)	**1**	-	**(1)**	(3)
Foreign currency translation adjustment (2)	**4**	(13)	**31**	23
	14	(9)	**26**	33
	18	3	**44**	(91)
Comprehensive income for the period	**122**	249	**369**	527
Comprehensive income attributable to:				
Class I and Class II Shares	**65**	135	**187**	280
Non-controlling interests	**57**	114	**182**	247
	122	249	**369**	527

(1) Net of income taxes of $(1) million and $(7) million for the three and nine months ended September 30, 2015, respectively (2014 – $(4) million and $41 million).

(2) Net of income taxes of nil.

(3) Net of income taxes of $(4) million and $1 million for the three and nine months ended September 30, 2015, respectively (2014 – $(1) million and $(5) million).

(4) Net of income taxes of nil for the three and nine months ended September 30, 2015, respectively (2014 – nil and $1 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ATCO LTD.
CONSOLIDATED BALANCE SHEET

(millions of Canadian Dollars)	Note	September 30 2015	December 31 2014
ASSETS			
Current assets			
Cash and cash equivalents		**858**	595
Accounts receivable		**599**	744
Finance lease receivables		**7**	20
Inventories		**130**	110
Prepaid expenses and other current assets		**85**	80
		1,679	1,549
Non-current assets			
Property, plant and equipment	6	**15,966**	15,117
Intangibles		**423**	416
Goodwill		**71**	71
Investment in joint ventures		**154**	147
Finance lease receivables		**284**	290
Other assets		**85**	99
Total assets		**18,662**	17,689
LIABILITIES			
Current liabilities			
Bank indebtedness		**-**	5
Accounts payable and accrued liabilities		**768**	974
Asset retirement obligations and other provisions		**37**	46
Other current liabilities		**12**	26
Long-term debt	7	**4**	83
Non-recourse long-term debt		**15**	15
		836	1,149
Non-current liabilities			
Deferred income tax liabilities	4	**945**	778
Asset retirement obligations and other provisions		**178**	172
Retirement benefit obligations		**422**	445
Deferred revenues		**1,644**	1,512
Other liabilities		**54**	68
Long-term debt	7	**7,667**	7,173
Non-recourse long-term debt		**102**	112
Total liabilities		**11,848**	11,409
EQUITY			
Class I and Class II Share owners' equity			
Class I and Class II Shares	9	**162**	161
Contributed surplus		**11**	11
Retained earnings		**3,125**	3,010
Accumulated other comprehensive income		**8**	(14)
		3,306	3,168
Non-controlling interests		**3,508**	3,112
Total equity		**6,814**	6,280
Total liabilities and equity		**18,662**	17,689

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ATCO LTD.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(millions of Canadian Dollars)	Note	Attributable to Equity Owners of the Company: Class I and Class II Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
December 31, 2013		159	12	2,717	(28)	2,860	3,153	6,013
Earnings for the period		-	-	326	-	326	292	618
Equity preferred shares redeemed by subsidiary company		-	-	(2)	-	(2)	(158)	(160)
Shares issued, purchased and cancelled		-	-	(6)	-	(6)	30	24
Dividends	10	-	-	(74)	-	(74)	(147)	(221)
Share-based compensation		2	(2)	2	-	2	(1)	1
Other comprehensive loss		-	-	-	(46)	(46)	(45)	(91)
Losses on retirement benefits transferred to retained earnings		-	-	(68)	68	-	-	-
Changes in ownership interest in subsidiary company (1)		-	-	34	-	34	(34)	-
September 30, 2014		161	10	2,929	(6)	3,094	3,090	6,184
December 31, 2014		161	11	3,010	(14)	3,168	3,112	6,280
Earnings for the period		**-**	**-**	**155**	**-**	**155**	**170**	**325**
Equity preferred shares issued by subsidiary company, net of issue costs	11	**-**	**-**	**-**	**-**	**-**	**368**	**368**
Shares issued, purchased and cancelled		**-**	**-**	**(1)**	**-**	**(1)**	**35**	**34**
Dividends	10	**-**	**-**	**(86)**	**-**	**(86)**	**(154)**	**(240)**
Share-based compensation		**1**	**-**	**3**	**-**	**4**	**(2)**	**2**
Other comprehensive income		**-**	**-**	**-**	**32**	**32**	**12**	**44**
Gains on retirement benefits transferred to retained earnings		**-**	**-**	**10**	**(10)**	**-**	**-**	**-**
Changes in ownership interest in subsidiary company (1)		**-**	**-**	**34**	**-**	**34**	**(34)**	**-**
Other		**-**	**-**	**-**	**-**	**-**	**1**	**1**
September 30, 2015		**162**	**11**	**3,125**	**8**	**3,306**	**3,508**	**6,814**

(1) The changes in ownership interest in subsidiary company are due to Canadian Utilities Limited's dividend reinvestment plan and share-based compensation plans.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ATCO LTD.
CONSOLIDATED STATEMENT OF CASH FLOWS

(millions of Canadian Dollars)	Three Months Ended September 30 2015	Three Months Ended September 30 2014	Nine Months Ended September 30 2015	Nine Months Ended September 30 2014
Operating activities				
Earnings for the period	**104**	246	**325**	618
Adjustments for:				
Depreciation, amortization and impairment	**143**	132	**428**	406
Gain on sales of operations	**-**	(160)	**-**	(160)
Earnings from investment in joint ventures, net of dividends and distributions received	**2**	4	**12**	10
Income taxes	**38**	58	**200**	185
Unearned availability incentives	**(7)**	2	**(26)**	1
Contributions by customers for extensions to plant	**31**	21	**172**	130
Amortization of customer contributions	**(15)**	(11)	**(39)**	(35)
Net finance costs	**70**	73	**210**	223
Income taxes paid	**(6)**	(12)	**(65)**	(90)
Other	**10**	20	**18**	12
	370	373	**1,235**	1,300
Changes in non-cash working capital	**64**	62	**46**	17
Cash flow from operations	**434**	435	**1,281**	1,317
Investing activities				
Additions to property, plant and equipment	**(384)**	(584)	**(1,124)**	(1,596)
Proceeds on disposal of property, plant and equipment	**2**	12	**1**	17
Additions to intangibles	**(17)**	(20)	**(45)**	(72)
Proceeds on sale of information technology services	**-**	204	**-**	204
Investment in joint venture	**(10)**	(35)	**(20)**	(35)
Changes in non-cash working capital	**9**	17	**(144)**	4
Other	**(11)**	(8)	**(10)**	(20)
	(411)	(414)	**(1,342)**	(1,498)
Financing activities				
Net issue (repayment) of short-term debt	**(450)**	(525)	**-**	60
Issue of long-term debt	**475**	1,020	**517**	1,127
Repayment of long-term debt	**(37)**	(36)	**(95)**	(195)
Repayment of non-recourse long-term debt	**(3)**	(8)	**(10)**	(23)
Issue of equity preferred shares by subsidiary company	**375**	-	**375**	-
Redemption of equity preferred shares by subsidiary company	**-**	-	**-**	(160)
Issue of Class A shares by subsidiary company	**-**	-	**1**	3
Purchase of Class I Shares	**(1)**	(6)	**(1)**	(4)
Dividends paid to Class I and Class II Share owners	**(29)**	(24)	**(86)**	(74)
Dividends paid to non-controlling interests in subsidiary company	**(40)**	(39)	**(119)**	(117)
Interest paid	**(83)**	(65)	**(268)**	(240)
Other	**(11)**	(6)	**(11)**	(6)
	196	311	**303**	371
Foreign currency translation	**12**	8	**26**	11
Cash position [(1)]				
Increase	**231**	340	**268**	201
Beginning of period	**627**	602	**590**	741
End of period	**858**	942	**858**	942

(1) Cash position consists of cash and cash equivalents less current bank indebtedness and includes $53 million (2014 - $54 million) which is not available for general use by the Company.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ATCO LTD.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

SEPTEMBER 30, 2015

(Tabular amounts in millions of Canadian Dollars, except as otherwise noted)

1. THE COMPANY AND ITS OPERATIONS

ATCO Ltd. was incorporated under the laws of the province of Alberta and is listed on the Toronto Stock Exchange. Its head office and registered office is at 700, 909-11th Avenue SW, Calgary, Alberta, T2R 1N6. The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, R.D. Southern.

ATCO Ltd. is engaged in the following business activities:

- Structures and Logistics (manufacturing, logistics and noise abatement);
- Utilities (pipelines, natural gas and electricity transmission and distribution); and
- Energy (power generation and sales, industrial water infrastructure, natural gas gathering, processing, storage and liquids extraction).

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd. and its subsidiaries (the Company). The statements also include the accounts of a proportionate share of the Company's investments in joint operations and its equity-accounted investments in joint ventures.

Principal operating subsidiaries are:

- ATCO Structures & Logistics (75.5 per cent owned) and its subsidiaries. On a consolidated basis, the Company owns 88.6 per cent of ATCO Structures & Logistics; and
- Canadian Utilities Limited (53.2 per cent owned), its subsidiaries, and its 24.5 per cent investment in ATCO Structures & Logistics.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014, prepared according to IFRS.

The unaudited interim consolidated financial statements are prepared following the same accounting policies used in the Company's most recent annual financial statements, except for income taxes and accounting policies that have changed as disclosed below. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

The unaudited interim consolidated financial statements were authorized for issue by the Audit Committee, on behalf of the Board of Directors, on October 22, 2015.

BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for derivative financial instruments, defined benefit pension and other employee retirement benefit liabilities and cash-settled share-based compensation liabilities.

Revenues, earnings and adjusted earnings for any quarter are not necessarily indicative of operations on an annual basis. Quarterly financial results may be affected by the seasonal nature of the Company's operations, changes in electricity prices in Alberta, the timing and demand of natural gas storage capacity sold, changes in natural gas storage fees, changes in natural gas liquids prices and natural gas costs, the timing of maintenance outages at power generating plants, the timing of utility rate decisions and changes in market conditions for workforce housing and space rentals operations.

Certain comparative figures have been reclassified to conform to the current presentation.

CHANGE IN ACCOUNTING POLICIES

Financial Instruments

The Company adopted IFRS 9 (2013) *Financial Instruments* effective January 1, 2015. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and previous versions of IFRS 9. It includes revised guidance on the classification and measurement of financial assets and liabilities and adds guidance on general hedge accounting.

Previously, the Company classified financial assets when they were first recognized as fair value through profit or loss, available for sale, held to maturity investments or loans and receivables. Under IFRS 9 (2013), the Company classifies financial assets under the same two measurement categories as financial liabilities; amortized cost or fair value through profit and loss. Financial assets are classified as amortized cost if the purpose of the Company's business model is to hold the financial assets for collecting cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. All other financial assets are classified as fair value through profit or loss. All of the Company's financial assets and financial liabilities as at December 31, 2014 will continue to be classified and measured at amortized cost with the exception of derivative financial instruments disclosed below. The adoption of this standard has not resulted in any changes to comparative figures.

The Company has not yet adopted IFRS 9 (2014) *Financial Instruments* that incorporates the new impairment model that assesses financial assets based on expected losses rather than incurred losses as applied in IAS 39. This final standard will replace IFRS 9 (2013) and is effective for annual periods on or after January 1, 2018.

Derivative Financial Instruments

As part of the early adoption of IFRS 9 (2013), the accounting for derivative financial instruments, including hedge accounting, is now addressed under the new standard.

Previously, all derivative financial instruments, including derivatives embedded in other financial instruments or host contracts, were measured at fair value. Under IFRS 9 (2013), derivatives embedded in financial asset host contracts are no longer required to be separated. Instead, the contract is required to be classified in its entirety at either amortized cost or fair value. For those measured at fair value, the gain or loss that results from changes in fair value of the derivative is recognized in earnings immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of recognition in earnings depends on the hedging relationship.

By early adopting hedge accounting under IFRS 9 (2013), the Company is able to better align its hedge accounting policy with its risk management objectives. Hedge documentation of the relationship between the derivative and the hedged item at inception of the hedge is still required. Assessment at each reporting period can be performed qualitatively if both the critical terms of the hedging relationship and the economic relationship between the hedged item and hedging instrument continue to remain the same or similar. If the mismatch in terms is significant, a quantitative assessment is required. Ineffectiveness, if any, is measured at the end of each reporting period.

If the risk management hedge ratio used to form the economic relationship of the hedged item and hedging instrument changes, rebalancing of the hedging relationship is required. Under this circumstance, an adjustment to the quantities of the hedged item or hedging instrument would be allowed to realign the hedging relationship to its original risk management hedge ratio. The Company can only discontinue hedge accounting prospectively if there is no longer an economic relationship between the hedged item and hedging instrument, the risk management objective changes, the derivative no longer is designated as a hedging instrument, or the underlying hedged item is derecognized.

3. SEGMENTED INFORMATION

SEGMENTED RESULTS
THREE MONTHS ENDED SEPTEMBER 30

2015 2014	Structures & Logistics	Utilities	Energy	ATCO Australia	Corporate and Other	Intersegment Eliminations	Consolidated
Revenues – external	**279**	**494**	**147**	**63**	**2**	**–**	**985**
	238	466	245	70	19	–	1,038
Revenues – intersegment	**1**	**10**	**–**	**–**	**6**	**(17)**	**–**
	1	2	2	–	31	(36)	–
Revenues	**280**	**504**	**147**	**63**	**8**	**(17)**	**985**
	239	468	247	70	50	(36)	1,038
Operating expenses [1]	**(253)**	**(277)**	**(91)**	**(22)**	**(5)**	**14**	**(634)**
	(201)	(257)	(193)	(31)	(45)	35	(692)
Depreciation, amortization and impairment	**(12)**	**(98)**	**(23)**	**(10)**	**(2)**	**2**	**(143)**
	(13)	(89)	(18)	(10)	(4)	2	(132)
Gain (loss) on sale of information technology services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	(3)	163	–	160
Earnings from investment in joint ventures	**1**	**–**	**2**	**1**	**–**	**–**	**4**
	2	–	–	1	–	–	3
Net finance costs	**–**	**(55)**	**(8)**	**(8)**	**3**	**(2)**	**(70)**
	1	(59)	(6)	(10)	2	(1)	(73)
Earnings before income taxes	**16**	**74**	**27**	**24**	**4**	**(3)**	**142**
	28	63	30	17	166	–	304
Income taxes	**(4)**	**(19)**	**(8)**	**(7)**	**(1)**	**1**	**(38)**
	(8)	(16)	(9)	(5)	(20)	–	(58)
Earnings for the period	**12**	**55**	**19**	**17**	**3**	**(2)**	**104**
	20	47	21	12	146	–	246
Adjusted earnings	**11**	**37**	**11**	**11**	**(4)**	**–**	**66**
	17	49	11	9	(1)	–	85
Capital expenditures [4]	**9**	**329**	**20**	**22**	**53**	**(5)**	**428**
	31	548	15	22	2	–	618

SEGMENTED RESULTS
NINE MONTHS ENDED SEPTEMBER 30

2015 2014	Structures & Logistics	Utilities	Energy	ATCO Australia	Corporate and Other	Intersegment Eliminations	Consolidated
Revenues – external	**600**	**1,686**	**531**	**180**	**7**	**–**	**3,004**
	711	1,641	767	205	54	–	3,378
Revenues – intersegment	**1**	**26**	**3**	**–**	**17**	**(47)**	**–**
	1	4	5	–	127	(137)	–
Revenues	**601**	**1,712**	**534**	**180**	**24**	**(47)**	**3,004**
	712	1,645	772	205	181	(137)	3,378
Operating expenses (1)	**(543)**	**(862)**	**(403)**	**(73)**	**(11)**	**45**	**(1,847)**
	(612)	(824)	(602)	(82)	(131)	134	(2,117)
Depreciation, amortization and impairment	**(46)**	**(289)**	**(62)**	**(29)**	**(6)**	**4**	**(428)**
	(36)	(260)	(57)	(43)	(14)	4	(406)
Gain (loss) on sale of information technology services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	(3)	163	–	160
Earnings (loss) from investment in joint ventures	**(9)**	**–**	**10**	**5**	**–**	**–**	**6**
	3	–	3	5	–	–	11
Net finance costs	**(1)**	**(165)**	**(22)**	**(27)**	**9**	**(4)**	**(210)**
	–	(156)	(22)	(50)	7	(2)	(223)
Earnings before income taxes	**2**	**396**	**57**	**56**	**16**	**(2)**	**525**
	67	405	94	32	206	(1)	803
Income taxes	**(2)**	**(165)**	**(20)**	**(15)**	**1**	**1**	**(200)**
	(20)	(102)	(26)	(12)	(25)	–	(185)
Earnings for the period	**–**	**231**	**37**	**41**	**17**	**(1)**	**325**
	47	303	68	20	181	(1)	618
Adjusted earnings	**14**	**154**	**21**	**16**	**(4)**	**–**	**201**
	41	150	36	20	9	1	257
Total assets (2,3)	**997**	**14,065**	**1,717**	**1,322**	**584**	**(23)**	**18,662**
	956	13,389	1,652	1,296	437	(41)	17,689
Capital expenditures (4)	**46**	**946**	**99**	**57**	**102**	**(4)**	**1,246**
	57	1,555	37	61	13	–	1,723

(1) Includes total costs and expenses, excluding depreciation, amortization and impairment expense.

(2) Total assets do not reflect adjustments for rate-regulated activities included in adjusted earnings.

(3) 2014 comparative total assets are at December 31, 2014.

(4) Includes additions to property, plant and equipment and intangibles and $27 million and $77 million (2014 – $14 million and $55 million) of interest capitalized during construction for the three and nine months ended September 30, 2015.

ADJUSTED EARNINGS

Adjusted earnings are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses for rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations. Adjusted earnings are a key measure of segment earnings used by the Chief Operating Decision Maker (CODM) to assess segment performance and allocate resources. Other accounts in the consolidated financial statements have not been adjusted as they are not used by the CODM for those purposes.

The reconciliation of adjusted earnings and earnings for the three months ended September 30 is shown below.

2015 **2014**	**Structures & Logistics**	**Utilities**	**Energy**	**ATCO Australia**	**Corporate and Other**	**Intersegment Eliminations**	**Consolidated**
Adjusted earnings (loss)	**11**	**37**	**11**	**11**	**(4)**	**–**	**66**
	17	49	11	9	(1)	–	85
Restructuring costs	**(1)**	**(1)**	**(1)**	**–**	**–**	**–**	**(3)**
	–	–	–	–	–	–	–
Gain (loss) on sales of information technology services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	(2)	76	–	74
Rate-regulated activities	**–**	**(7)**	**–**	**(1)**	**–**	**(2)**	**(10)**
	–	(24)	–	(1)	–	(1)	(26)
Earnings (loss) attributable to Class I and Class II Shares	**10**	**29**	**10**	**10**	**(4)**	**(2)**	**53**
	17	25	11	6	75	(1)	133
Earnings attributable to non-controlling interests							**51**
							113
Earnings for the period							**104**
							246

The reconciliation of adjusted earnings and earnings for the nine months ended September 30 is shown below.

2015 **2014**	**Structures & Logistics**	**Utilities**	**Energy**	**ATCO Australia**	**Corporate and Other**	**Intersegment Eliminations**	**Consolidated**
Adjusted earnings	**14**	**154**	**21**	**16**	**(4)**	**–**	**201**
	41	150	36	20	9	1	257
Restructuring costs	**(1)**	**(2)**	**(2)**	**(1)**	**–**	**–**	**(6)**
	–	–	–	–	–	–	–
Gain (loss) on sales of information technology services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	(2)	76	–	74
Impairment	**(13)**	**–**	**–**	**–**	**–**	**–**	**(13)**
	–	–	–	(6)	–	–	(6)
Rate-regulated activities:							
Change in income taxes	**–**	**(34)**	**–**	**–**	**–**	**–**	**(34)**
	–	–	–	–	–	–	–
Other	**–**	**1**	**–**	**7**	**–**	**(1)**	**7**
	–	5	–	(2)	–	(2)	1
Earnings (loss) attributable to Class I and Class II Shares	**–**	**119**	**19**	**22**	**(4)**	**(1)**	**155**
	41	155	36	10	85	(1)	326
Earnings attributable to non-controlling interests							**170**
							292
Earnings for the period							**325**
							618

Restructuring costs

For the three and nine months ended September 30, 2015, the Company recorded restructuring costs of $3 million and $6 million after-tax and non-controlling interests that were not in the normal course of business. These costs were primarily related to staff reductions and associated severance costs as well as the restructuring of a fuel supply contract in ATCO Power.

Impairment

In 2015, the Company adjusted for a significant impairment relating to ATCO Structures & Logistics' lodge assets. The impairment was included in depreciation, amortization and impairment expense with the exception of the impairment relating to the joint venture asset which reduced equity earnings from investment in joint ventures (see Note 5).

In 2014, the Company adjusted for a significant impairment relating to ATCO Power Australia's Bulwer Island power station (BIEP). The impairment was included in depreciation, amortization and impairment expense (see Note 5).

Rate-regulated activities

There is currently no specific guidance under IFRS for rate-regulated entities that the Company is eligible to adopt. Consequently, the Company does not recognize assets and liabilities arising from rate-regulated activities under IFRS.

Before adopting IFRS, the Company used standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles (GAAP) to account for rate-regulated activities. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of segment disclosures on this basis.

Rate-regulated accounting differs from IFRS in the following ways:

	Rate-Regulated Accounting Treatment	IFRS Treatment
1.	The Company defers the recognition of cash received in advance of future expenditures.	The Company records revenues when amounts are billed to customers and recognizes costs when they are incurred.
2.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company records costs when incurred, but does not recognize their recovery until changes to customer rates are reflected in future customer billings.
3.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company recognizes earnings when customer rates are changed and amounts are billed to customers.
4.	Intercompany profits on the manufacture or construction of facilities for a regulated public utility in the consolidated group are deemed to have been realized to the extent that the transfer price on such facilities is recognized for rate-making purposes by a regulator.	Intercompany profits are eliminated upon consolidation. The Company then recognizes those profits in earnings as amounts are billed to customers over the life of the related asset.

Timing adjustments for rate-regulated activities are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Additional revenues billed in current period:				
Future removal and site restoration costs (1)	**4**	4	**15**	19
Finance costs on major transmission capital projects (2)	**9**	4	**26**	17
Impact of colder temperatures on revenues (3)	**–**	–	**–**	5
Other	**2**	(2)	**4**	2
	15	6	**45**	43
Revenues to be billed in future period:				
Deferred income taxes (4)	**(14)**	(9)	**(41)**	(33)
Deferred income taxes due to increase in provincial corporate tax rate (4)	**–**	–	**(34)**	–
Transmission access payments (5)	**(2)**	(6)	**(7)**	(7)
Transmission capital deferral (6)	**(3)**	(1)	**(8)**	(2)
Impact of warmer temperatures on revenues (3)	**–**	–	**(7)**	–
Impact of inflation on rate base for ATCO Gas Australia (7)	**(2)**	(1)	**(5)**	(4)
Other	**–**	–	**(1)**	(2)
	(21)	(17)	**(103)**	(48)
Regulatory decisions related to current and prior periods:				
Generic cost of capital decision (8)	**2**	–	**24**	–
Capital tracker decision (8)	**–**	–	**6**	–
Interim rates decisions (8)	**4**	(12)	**(3)**	(12)
Evergreen decision (8)	**–**	1	**–**	15
ATCO Gas Australia access arrangement decision (8)	**–**	–	**10**	–
Transmission capital deferral refunds (8)	**(11)**	–	**(11)**	(5)
ATCO Gas Australia appeal decision	**–**	–	**–**	2
Weather refunds (3)	**–**	–	**(3)**	–
Other	**3**	(3)	**9**	8
	(2)	(14)	**32**	8
Intercompany profits:				
Intercompany profits related to construction of property, plant and equipment and intangibles (9)	**(2)**	(1)	**(1)**	(2)
	(10)	(26)	**(27)**	1

Descriptions of the adjustments, and the timing of recovery or refund for each, are as follows:

	Description	Timing of Recovery or Refund
1.	Removal and site restoration costs billed to customers are based on the costs forecast to be incurred in future periods. Customers fund these expected costs over the estimated useful life of the related assets. Under rate-regulated accounting, billings to customers in excess of costs incurred in the current period are deferred.	The deferred revenues will be recognized in adjusted earnings when removal and site restoration costs are incurred.

	Description	Timing of Recovery or Refund
2.	Finance costs incurred by ATCO Electric during construction of major transmission capital projects are billed to customers when incurred. Under rate-regulated accounting, the finance costs billed to customers are deferred.	The deferred revenues will be recognized in adjusted earnings over the service life of the related assets.
3.	ATCO Gas' customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Under rate-regulated accounting, revenues above or below the norm in the current period are deferred and refunded to or recovered from customers in future periods.	ATCO Gas may apply to the Alberta Utilities Commission (AUC) for recoveries from or refunds to customers when the net revenue variances exceed $7 million at April 30th of any year for either of its North or South systems.
4.	Deferred income taxes are a non-cash expense resulting from temporary differences between the book value and the tax value of assets and liabilities. Income taxes are billed to customers when paid by the Company. Deferred income taxes are not billed to customers unless directed to do so by the regulator. Under rate-regulated accounting, revenues are recognized in the current period for the deferred income taxes to be billed to customers in future periods. In the second quarter of 2015, the Government of Alberta announced an increase in the provincial corporate tax rate from 10 per cent to 12 per cent effective July 1, 2015. As a result of this change, the Company increased income taxes and reduced earnings for the nine months ended September 30, 2015 by $69 million (see Note 4). Of the $69 million increase in income taxes ($37 million after non-controlling interests), $64 million ($34 million after non-controlling interests) relates to deferred income taxes relating to the Alberta Utilities.	The revenues will reverse when the temporary differences that gave rise to the deferred income taxes reverse in future periods.
5.	Transmission access payments billed to customers by ATCO Electric are based on the forecast payments to be incurred. Under rate-regulated accounting, differences between actual costs incurred and forecast costs billed to customers are deferred for collection from or refund to customers in future periods.	Recoveries from or refunds to customers of the differences between transmission access payments billed to customers and paid by ATCO Electric are expected to occur in the next 6 to 12 months.
6.	For major transmission capital projects, ATCO Electric's billings to customers include a return on forecast rate base. When actual capital costs vary from forecast capital costs, the return on rate base, and the resulting billings to the Alberta Electric System Operator (AESO), will be higher or lower than expected. Under rate-regulated accounting, differences between billings to the AESO and the return on actual rate base are deferred.	Recoveries from or refunds to the AESO of variances between forecast and actual returns on rate base are expected to occur in the following year.

	Description	Timing of Recovery or Refund
7.	ATCO Gas Australia earns a return on rate base that excludes inflation. Inflation is accounted for by adjusting the rate base in subsequent periods by the actual rate of inflation; the impact of inflation is billed to customers through recovery of depreciation. Under rate-regulated accounting, an adjustment is made to recognize the inflation component of rate base when it is earned in the current period. Differences between the amounts earned and the amounts billed to customers are deferred.	The inflation-indexed portion of rate base will be recovered from customers over the life of the assets comprising rate base through the recovery of depreciation.
8.	The Canadian and Australian utilities recognize revenues from regulatory decisions when customer rates are changed and amounts are billed to customers. Under rate-regulated accounting, revenues from regulatory decisions that affect current and prior periods are recognized when the decision is received.	**Generic Cost of Capital Decision** The Utilities recorded a reduction in adjusted earnings of $25 million in 2015 for an AUC decision which reduced the Return on Equity and deemed common equity ratios for 2013 to 2015. Of the $25 million recorded in 2015, $17 million related to 2013 and 2014. Under IFRS, earnings will be adjusted when the AUC approves revised customer rates and the amount payable to customers is refunded through future billings; $1 million has been refunded as at the end of the third quarter of 2015. **Capital Tracker Decision** ATCO Gas and the distribution operations of ATCO Electric recorded a reduction in adjusted earnings of $7 million in 2015 for the AUC Performance Based Regulation Capital Tracker decisions for 2013 to 2015. Of the $7 million recorded in 2015, $4 million related to 2013 and 2014. Although these decisions included approval of the Company’s applied for Capital Tracker programs, the decisions resulted in lower Capital Tracker rates than previously approved primarily due to the AUC requiring the Utilities to use the actual cost of debt in the rate determinations, which was lower than the forecast cost of debt that was previously being used. Under IFRS, earnings will be adjusted when the AUC approves revised customer rates and the amount payable to customers is refunded through future billings; $1 million has been refunded as at the end of the third quarter of 2015.

Description	Timing of Recovery or Refund
	Interim Rates Decisions In 2015, the transmission operations of ATCO Electric recorded an increase in adjusted earnings of $14 million for an AUC decision associated with its 2015 to 2017 general rate application. The AUC approved interim rates at 90 per cent of the applied for amount. Under IFRS, earnings are adjusted when the AUC approved revised customer rates are received through future billings; $11 million has been received as at the end of the third quarter of 2015. In the third quarter of 2014, ATCO Gas and the distribution operations of ATCO Electric recorded adjusted earnings of $12 million for the period January 1, 2013 to September 30, 2014, resulting from interim rates decision issued by the AUC. Under IFRS, earnings will be recognized when the AUC approves revised customer rates and the amount receivable from customers is collected through future billings. **Evergreen Decision** The Utilities recorded a reduction in adjusted earnings of $14 million in the second quarter of 2014 for an AUC decision which disallowed a portion of the information technology and customer care and billing costs (Evergreen decision) incurred in the period January 1, 2010 to June 30, 2014. An additional reduction of $1 million was recorded in the third quarter of 2014. In the fourth quarter of 2014, customer rates were adjusted and refunded to customers. **ATCO Gas Australia Access Arrangement Decision** In July 2015, the Economic Regulation Authority (ERA) released its final decision for ATCO Gas Australia's next Access Arrangement period (AA4) from July 2014 to December 2019. Among other things, the decision resulted in a reduced return on equity from 10.4 per cent to 7.28 per cent. The decision resulted in a decrease to adjusted earnings of $10 million in 2015. Of this amount, $4 million related to 2015 and $6 million related to 2014. Under IFRS, earnings will be adjusted when the Economic Regulation Authority of Western Australia approves revised customer rates and the amount payable to customers is refunded through future billings. **Transmission Capital Deferral Refunds** In 2014 and 2015, ATCO Electric refunded amounts to customers over-collected in 2011 and 2012 for major transmission capital projects.

	Description	Timing of Recovery or Refund
9.	Under rate-regulated accounting, intercompany profits from transactions with related parties and approved by the regulator for inclusion in rate base are not eliminated on consolidation; they are recognized as earnings in the current period.	Intercompany profits will be recognized as earnings under IFRS as rate base is depreciated and the depreciation is billed to customers over the life of the assets.

4. INCOME TAXES

In interim periods, income taxes are accrued using an estimate of the annual effective tax rate applied to year-to-date earnings. In the second quarter of 2015, the Government of Alberta announced an increase in the provincial corporate tax rate from 10 per cent to 12 per cent effective July 1, 2015. As a result of this change, the Company made an adjustment of $69 million to current and deferred income taxes in 2015 as follows:

	December 31, 2014 Balance	Nine Months Ended September 30, 2015	Total
Change in Alberta corporate tax rate included in:			
Current income taxes	–	1	1
Deferred income taxes	63	5	68
	63	6	69

Included in the $69 million increase in income taxes is $63 million relating to the one-time revaluation of the December 31, 2014 deferred income tax liability.

The reconciliation of statutory and effective income tax expense for the three months ended September 30 is as follows:

		2015		2014
Earnings before income taxes	**142**	**%**	304	%
Income taxes, at statutory rates	**37**	**26.0**	76	25.0
Change in income taxes resulting from increase in provincial corporate tax rate	**2**	**1.4**	–	–
Gain on sale of operations	**–**	**–**	(19)	(6.2)
Other	**(1)**	**(0.7)**	1	0.3
	38	**26.7**	58	19.1

The reconciliation of statutory and effective income tax expense for the nine months ended September 30 is as follows:

		2015		2014
Earnings before income taxes	**525**	**%**	803	%
Income taxes, at statutory rates	**136**	**26.0**	201	25.0
Change in income taxes resulting from increase in provincial corporate tax rate	**69**	**13.1**	–	–
Gain on sale of operations	**–**	**–**	(19)	(2.4)
Other	**(5)**	**(1.0)**	3	0.4
	200	**38.1**	185	23.0

As the tax rate change came into effect on July 1, 2015, the combined federal and Alberta statutory Canadian income tax rate for 2015 is 26.0 per cent.

5. IMPAIRMENT

IMPAIRMENT OF LODGE ASSETS

In 2015, the Company recognized a pre-tax impairment of $20 million ($13 million after-tax and non-controlling interests) in the Structures & Logistics segment, relating to certain lodge assets, one of which is a joint venture asset. The impairment was included in depreciation, amortization and impairment expense with the exception of the impairment relating to the joint venture asset which reduced equity earnings from investment in joint ventures. The Company determined these assets were impaired due to a reduction in contracted rooms and rates charged as a result of continued and sustained decreases in key commodity prices as well as a significant reduction in the capital expenditure programs of key clients.

The recoverable amount of the joint venture lodge asset was calculated based on cash flow projections expected to be derived from the lodge being operational until July 2018. The expected future cash flows were discounted at a pre-tax rate of 15.0 per cent. The remaining lodge assets were closed and are expected to be dismantled. The impairment charge decreased the carrying amount for all impaired lodge assets to nil.

IMPAIRMENT OF BULWER ISLAND POWER STATION

In 2014, the Company recognized an impairment of $13 million ($6 million, after-tax and non-controlling interests), relating to ATCO Power Australia's 33 MW Bulwer Island power station (BIEP) (ATCO Australia segment), which was included in depreciation, amortization and impairment expense. On April 2, 2014, BP announced it will cease refining operations at its oil refinery in Brisbane by mid-2015 and convert to an import terminal. BP was BIEP's only customer and no suitable economic replacement had been identified.

BIEP was jointly owned with Origin Energy and the plant was accounted for as a finance lease. As a result, BIEP's lease receivable had been impaired. The impairment calculation was based on pre-tax cash flow projections of the separation payments due from BP, salvage value of the plant and the expected remaining lease payments assuming a plant closure date of December 31, 2014. The date was updated to May 31, 2015 at December 31, 2014 and the plant subsequently closed on June 23, 2015, at which time the lease receivable was written down to nil. The expected future cash flows were discounted at a pre-tax rate of 12.4 per cent, which was the original effective interest rate of the lease receivable.

6. PROPERTY, PLANT AND EQUIPMENT

The Utilities segment continues to make significant investment in utility infrastructure in Alberta, particularly in electricity transmission facilities.

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Utility Transmission & Distribution	Power Generation	Land and Buildings	Construction Work-in-Progress	Other	Total
Cost:						
December 31, 2014	13,529	1,980	756	2,390	1,658	20,313
Additions	**770**	**102**	**36**	**274**	**71**	**1,253**
Disposals	**(32)**	**(47)**	**–**	**–**	**(26)**	**(105)**
Changes to asset retirement costs	**–**	**4**	**–**	**–**	**6**	**10**
Foreign exchange rate adjustment	**(10)**	**–**	**–**	**4**	**3**	**(3)**
September 30, 2015	**14,257**	**2,039**	**792**	**2,668**	**1,712**	**21,468**
Accumulated depreciation:						
December 31, 2014	3,136	1,208	169	–	683	5,196
Depreciation and impairment	**269**	**53**	**11**	**–**	**69**	**402**
Disposals	**(32)**	**(45)**	**–**	**–**	**(20)**	**(97)**
Foreign exchange rate adjustment	**(1)**	**–**	**–**	**–**	**2**	**1**
September 30, 2015	**3,372**	**1,216**	**180**	**–**	**734**	**5,502**
Net book value:						
December 31, 2014	10,393	772	587	2,390	975	15,117
September 30, 2015	**10,885**	**823**	**612**	**2,668**	**978**	**15,966**

The additions of property, plant and equipment included $77 million (September 30, 2014 – $55 million) of interest capitalized.

Construction work-in-progress additions are net of transfers of $618 million (September 30, 2014 – $669 million) to other property, plant and equipment categories.

7. LONG TERM DEBT

On July 27, 2015, CU Inc., a wholly owned subsidiary of Canadian Utilities Limited, issued $400 million of 3.964 per cent debentures maturing on July 27, 2045.

8. FAIR VALUE MEASUREMENTS

Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. Fair value is based on quoted market prices when available; models using observable market data and transaction specific factors are also used to estimate fair value.

Fair value measurements are categorized into levels within a fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

FAIR VALUE OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate carrying value due to their short-term nature.

The fair values of the Company's non-derivative financial instruments measured at other than fair value are as follows:

		September 30, 2015		December 31, 2014	
Recurring Measurements	Fair Value Hierarchy Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Amortized Cost:					
Lease receivables (1)	Level 2	**291**	**473**	310	504
Financial Liabilities					
Amortized Cost:					
Long-term debt (2)	Level 2	**7,671**	**8,409**	7,256	8,270
Non-recourse long-term debt (2)	Level 2	**117**	**147**	127	156

(1) Recorded at amortized cost. Fair values are determined using a risk-adjusted, pre-tax interest rate to discount future cash receipts.

(2) Recorded at amortized cost. Fair values are determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements.

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of the Company's derivative financial instruments are as follows:

		September 30, 2015		December 31, 2014	
Recurring Measurements	Fair Value Hierarchy Level	Notional Principal or Volume (1)	Fair Value Receivable (Payable) (3)	Notional Principal or Volume (1)	Fair Value Receivable (Payable) (3)
Subject to Hedge Accounting					
Interest rate swaps	Level 2	**721**	**(5)**	728	(1)
Natural gas purchase contracts (2)	Level 2	**14,318,000 GJ**	**(3)**	2,452,000 GJ	(3)
Forward power sales contracts (2)	Level 2	**2,193,786 MWh**	**1**	538,872 MWh	5
Not Subject to Hedge Accounting					
Natural gas purchase contracts (2)	Level 2	**5,142,000 GJ**	**–**	–	–
Forward power sales contracts (2)	Level 2	**250,624 MWh**	**–**	41,344 MWh	–
Foreign currency forward contracts	Level 2	**47**	**3**	41	2

(1) The notional principal is not recorded in the consolidated financial statements as it does not represent amounts that are exchanged by the counterparties.

(2) Notional amounts for the natural gas purchase contracts are the maximum volumes that can be purchased over the terms of the contracts. Notional amounts for the forward sale and purchase contracts are the commodity volumes committed in the contracts.

(3) Fair values for the interest rate swaps and foreign currency forward contracts were estimated using period-end market rates. Fair values for the natural gas purchase contracts were estimated using period-end market prices for natural gas and an estimate of implied volatility based on historic market prices. Fair values for forward power sales contracts were estimated using forward period-end market prices. These fair values approximate the amount that the Company would either pay or receive to settle the contracts at September 30, 2015, and December 31, 2014.

The Company's hedging strategies for which hedge accounting is applied consists of the following:

- Interest Rate Risk: The Company has variable interest rates on its long-term debt and non-recourse long-term debt. Interest rate swap agreements are entered into and designated as cash flow hedges to fix interest rates. Consequently, the exposure to fluctuations in market interest rates is limited.
- Commodity Price Risk: The Company's electricity generation business is exposed to commodity price movements, particularly to the market price of electricity and natural gas. The Company entered into natural gas purchase contracts and forward power sales contracts to manage its exposure to electricity and natural gas market price movements.

For the three and nine months ended September 30, 2015, there were no sources of hedge ineffectiveness.

9. CLASS I AND CLASS II SHARES AND EARNINGS PER SHARE

There were 101,531,923 (2014 – 101,501,623) Class I Non-Voting Shares and 13,609,505 (2014 – 13,637,405) Class II Voting Shares outstanding on September 30, 2015. In addition, there were 801,350 options to purchase Class I Non-Voting Shares outstanding at September 30, 2015, under the Company's stock option plan. From October 1, 2015, to October 21, 2015, no stock options were granted, 2,050 stock options were cancelled, 1,200 stock options were exercised, no Class II Voting Shares were converted to Class I Non-Voting Shares and no Class I Non-Voting Shares were purchased under the Company's normal course issuer bid.

EARNINGS PER SHARE

The earnings and average number of shares used to calculate earnings per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Average shares:				
Weighted average shares outstanding	**114,848,108**	114,944,507	**114,834,829**	114,854,318
Effect of dilutive stock options	**184,821**	286,858	**223,849**	304,357
Effect of dilutive mid-term incentive plan	**314,432**	310,459	**314,668**	320,382
Weighted average dilutive shares outstanding	**115,347,361**	115,541,824	**115,373,346**	115,479,057
Earnings for earnings per share calculation:				
Earnings for the period	**104**	246	**325**	618
Non-controlling interests	**(51)**	(113)	**(170)**	(292)
	53	133	**155**	326
Earnings and diluted earnings per Class I and Class II Share:				
Earnings per Class I and Class II Share	**$0.46**	$1.16	**$1.35**	$2.84
Diluted earnings per Class I and Class II Share	**$0.46**	$1.15	**$1.34**	$2.82

NORMAL COURSE ISSUER BID

On March 3, 2014, ATCO Ltd. began a normal course issuer bid to purchase up to 2,029,496 outstanding Class I Non-Voting Shares. The bid expired on February 27, 2015. From March 3, 2014, to February 27, 2015, 130,000 shares were purchased, all of which were purchased in 2014 for $6 million. The purchases resulted in a decrease to share capital and retained earnings of nil and $6 million, respectively.

On March 2, 2015, ATCO Ltd. began a new normal course issuer bid to purchase up to 2,030,168 outstanding Class I Non-Voting Shares. The bid will expire on February 29, 2016. From March 2, 2015, to October 21, 2015, 41,800 shares were purchased.

10. DIVIDENDS

Cash dividends declared and paid per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(dollars per share)	**2015**	**2014**	**2015**	**2014**
Class I and Class II Shares	**0.2475**	0.2150	**0.7425**	0.6450

The Company's policy is to pay dividends quarterly on its Class I and Class II Shares. Increases in the quarterly dividend are addressed by the Board of Directors in the first quarter of each year. The payment of any dividend is at the discretion of the Board of Directors and depends on the financial condition of the Company and other factors.

11. NON-CONTROLLING INTERESTS

SERIES EE PREFERRED SHARES

On August 7, 2015, Canadian Utilities Limited issued $125 million Cumulative Redeemable Second Preferred Shares Series EE at $25.00 per share under its base shelf prospectus. Holders are entitled to receive fixed cumulative preferential cash dividends, payable quarterly as and when declared by the Board of Directors, at an annual rate of $1.3125 per share, or 5.25 per cent.

The Series EE Preferred Shares are redeemable in whole or in part at the option of Canadian Utilities Limited starting September 1, 2020, at the stated value plus a 4 per cent premium per share for the next twelve months plus accrued and unpaid dividends. The redemption premium declines by 1 per cent in each succeeding twelve month period until September 1, 2024.

SERIES FF PREFERRED SHARES

On September 24, 2015, Canadian Utilities Limited issued $250 million Cumulative Redeemable Second Preferred Shares Series FF at $25.00 per share under its base shelf prospectus. Holders are entitled to receive fixed cumulative preferential cash dividends, payable quarterly for an initial period of five years, as and when declared by the Board of Directors, at an annual rate of $1.125 per share, or 4.50 per cent. Thereafter, the dividend rate will reset every five years to the then 5-Year Government of Canada Bond yield plus 3.69 per cent, and in any event, no less than 4.50 per cent.

On December 1, 2020, and on December 1 of every fifth year thereafter, Canadian Utilities Limited may redeem the Series FF Preferred Shares in whole or in part at the stated value plus all accrued and unpaid dividends. Holders may elect to convert any or all of their Series FF Preferred Shares into an equal number of Cumulative Redeemable Second Preferred Shares Series GG on December 1, 2020, and on December 1 of every fifth year thereafter. Holders of the Series GG Preferred Shares will be entitled to receive quarterly floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, equal to the then current 3-month Government of Canada Treasury Bill yield plus 3.69 per cent. On December 1, 2025, and on December 1, of every fifth year thereafter, Canadian Utilities Limited may redeem the Series GG Preferred Shares in whole or in part at the stated value. On any other date, Canadian Utilities Limited may redeem the Series GG Preferred Shares in whole or in part by the payment of $25.50 for each share to be redeemed.

ISSUANCE COSTS

Issuance costs of $7 million, net of income taxes, were recorded as a reduction of non-controlling interests in the nine months ended September 30, 2015, with respect to the Series EE and FF Preferred Shares.

12. RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2015, Canadian Utilities Limited issued 707,582 Class A non-voting shares under its dividend reinvestment plan (DRIP) (2014 – 561,316), using re-invested dividends of $24 million (2014 – $21 million). The Company participated in the DRIP by acquiring 368,884 Class A non-voting shares using re-invested dividends of $12 million (2014 – 317,748 shares using re-invested dividends of $12 million).

During the nine months ended September 30, 2015, Canadian Utilities Limited issued 2,013,598 Class A non-voting shares under its dividend reinvestment plan (DRIP) (2014 – 2,136,144), using re-invested dividends of $74 million (2014 – $82 million). The Company participated in the DRIP by acquiring 1,064,575 Class A non-voting shares using re-invested dividends of $39 million (2014 – 1,363,096 shares using re-invested dividends of $52 million).

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