

A photograph of the Aurora Borealis (Northern Lights) over a snowy landscape. The sky is dark with a vibrant green and blue aurora. The ground is covered in snow, and a line of trees is visible in the distance.

ATCO | ALWAYS THERE.
ANYWHERE.

ATCO Ltd. | **2015** | Annual Report



Ronald D. Southern

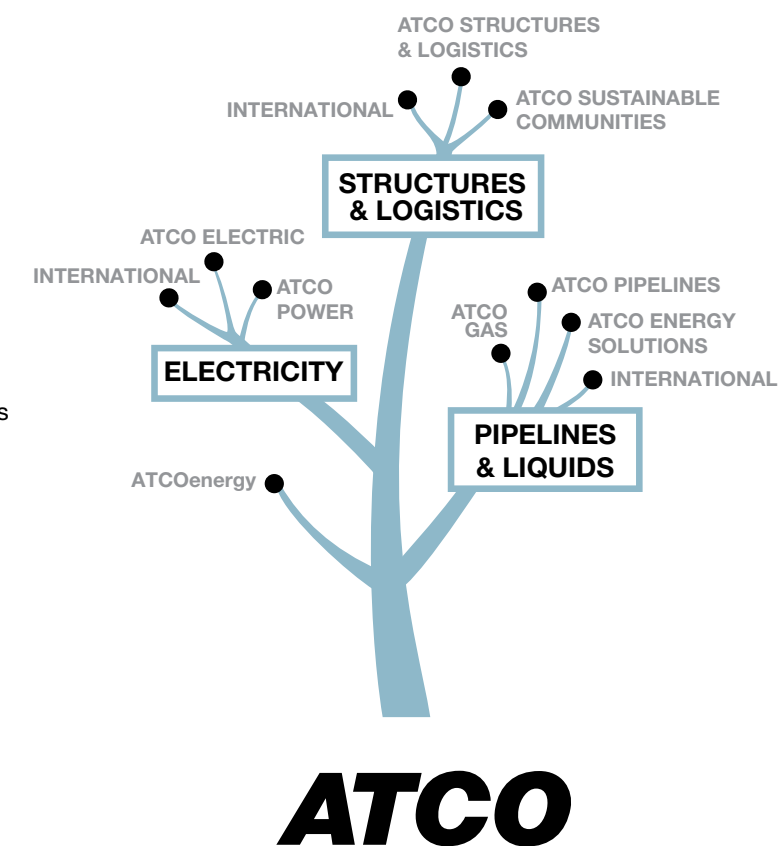
C.C., C.B.E., A.O.E., B.Sc., LL.D • 1930 – 2016

On January 21, 2016 the world lost a giant. A man who has touched the lives of so many with his fierce determination and tireless pursuit of excellence. A true citizen of the globe and a brilliant mind. His is a legacy that will be remembered for generations to come.

As Founder of ATCO Group, he played a pivotal and visionary role in every major development in the evolution and growth of the company.

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With nearly 8,000 employees and assets of approximately \$19 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Electricity (power generation, distributed generation, and electricity distribution, transmission and infrastructure development); Pipelines & Liquids (natural gas transmission, distribution and infrastructure development, hydrocarbon storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales). More information can be found at www.ATCO.com.

ATCO's Global Capabilities

STRUCTURES & LOGISTICS

Complete infrastructure solutions to customers worldwide including modular structures, lodging and support services, logistics and facility operations and maintenance and a full range of pre-fabricated, culturally sensitive building solutions for Indigenous and other remote communities.

- Manufacturing Facilities
- Offices and/or Operations
- Indigenous Community Projects

Indigenous Partnerships
Building and sustaining Indigenous relationships helps form the foundation for how ATCO does business and is reflected through both its longstanding relationships with Indigenous communities and how the company engages with these communities every day.

ATCOenergy Service Area
Sells low-cost electricity and natural gas service to residential and business customers in Alberta.

ATCO has business development offices in its key geographic markets that are focused on supporting growth for ATCO's global business units in those markets:

- ATCO Australia
- ATCO Mexico

ELECTRICITY

Provides comprehensive solutions for global customers in power generation, distributed generation and electricity transmission, distribution and infrastructure development.

Electric Service Area*
Delivers safe, reliable electricity to nearly 227,000 farm, business and residential customers in 245 communities in Alberta and more than 28,000 customers in Canada's North.

Major Transmission Projects
Plans, develops, operates and maintains transmission infrastructure that transports electricity from generating stations to substations.

Fort McMurray West Proposed Routes

Power Plants
Builds, owns and operates independent power generation plants providing industry-leading, reliable, responsible and cost-effective solutions to customers and partners with 13 plants in Canada and 2 plants in Australia.

* ATCO has overlapping service areas for electricity and natural gas distribution in Central Alberta.

PIPELINES & LIQUIDS

Delivers vertically integrated solutions in natural gas transmission, distribution and infrastructure development, hydrocarbon storage and processing, and industrial water solutions.

Natural Gas Service Area*
Provides safe, reliable and cost-effective natural gas delivery to more than 1.1 million customers in nearly 300 Alberta communities and approximately 725,000 customers through Western Australia's largest gas distribution network.

Pipelines
Owns and operates key natural gas transmission facilities throughout Alberta transporting clean, efficient energy from producers and other pipelines, to utilities, power generators and major industries.

Hydrocarbon Storage and Processing and Industrial Water Solutions
Builds, owns and operates natural gas, natural gas liquids and industrial water-related infrastructure to serve the midstream sector of Western Canada's energy industry, offering solutions in product storage, processing and transportation. Delivers energy to residential and commercial customers in the Town of Inuvik.

Alberta's Industrial Heartland

Edmonton

ATCO Energy Solutions completes \$50 million in projects to expand and improve its multi-user industrial water system in Alberta's Industrial Heartland (pg. 34).

ATCO Gas invests \$331 million in capital projects – installing 785 km of pipeline and connecting more than 20,000 primary service lines to its network in Alberta (pg. 27).

Construction begins on a 36,000 sq. ft. Multiplex Sports Centre for the Piikani Nation – the largest project in ATCO Sustainable Communities' history (pg. 15).

ATCO Electric completes the \$1.8 billion Eastern Alberta Transmission Line – the longest transmission line in ATCO's history (pg. 17).

ATCO Pipelines begins construction on the first three segments of the Urban Pipeline Replacement Program in Calgary (pg. 30).

ATCO launches ATCOenergy – a new natural gas and electricity retailer in Alberta (pg. 5).

ATCO Structures & Logistics wins a \$470 million contract to design, manufacture, install and operate a 1,600-person workforce housing facility for BC Hydro's Site C Clean Energy Project (pg. 11).

ATCO and Denendeh Investments Incorporated sign a landmark agreement that will see the First Nations-owned company become a 50 per cent partner in Northland Utilities (pg. 38).

Construction is well underway on ATCO's Ramal Tula Gas Pipeline (pg. 36). Project development and design work has also commenced on a cogeneration power plant project at the Miguel Hidalgo Refinery (pg. 25).

Current ATCO Operations

ATCO | ALWAYS THERE. ANYWHERE.

Perth

ATCO Gas Australia supports Gas-Powered Air Conditioning technology which can save customers up to 40 per cent in operating costs (pg. 35).

ATCO Ltd. Financial Highlights

This data (other than funds generated by operations) has been extracted from financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) and the reporting currency is the Canadian dollar.

For further information, please see the ATCO Ltd. Consolidated Financial Statements and Management's Discussion and Analysis - www.sedar.com.

Consolidated Annual Results

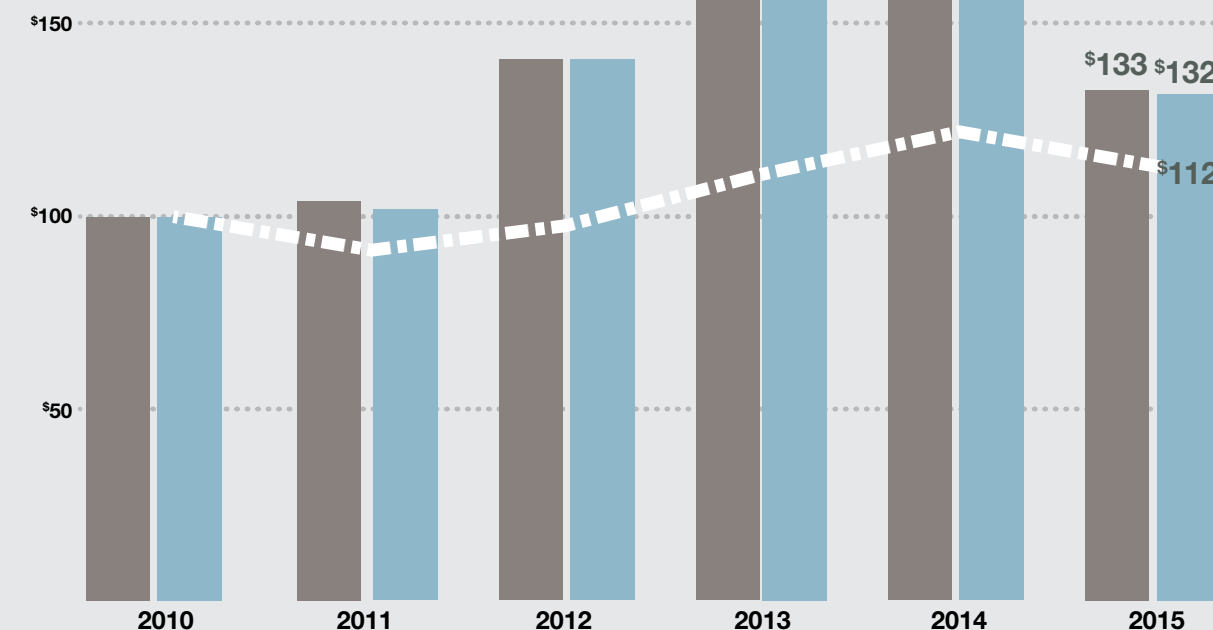
YEAR ENDED DECEMBER 31

(Millions of Canadian dollars except per share data)	2015	2014
FINANCIAL		
Revenues	4,131	4,554
Earnings attributable to Class I & Class II shares	154	420
Adjusted earnings	293	374
Total assets	19,055	17,689
Class I & Class II share owners' equity	3,356	3,168
Funds generated by operations	1,589	1,786
Capital expenditures	1,868	2,373
CLASS I NON-VOTING & CLASS II VOTING SHARE DATA		
Earnings per share	1.34	3.66
Diluted earnings per share	1.33	3.64
Dividends paid per share	0.99	0.86
Shares outstanding (thousands)	115,024	115,141
Weighted average shares outstanding (thousands)	114,832	114,848

FORWARD-LOOKING INFORMATION:

Certain statements contained in this Annual Report constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Five-Year Total Return on \$100 Investment



Compound Growth Rate	Cumulative Return	Series
5.8%	\$133	Class I Non-Voting (ACO.X)
5.7%	\$132	Class II Voting (ACO.Y)
2.3%	\$112	S&P/TSX Composite

This graph compares the cumulative share owner return over the last five years of the Class I Non-Voting and Class II Voting shares of the Company (assuming reinvestment of dividends) with the cumulative total return of the S&P/TSX composite index.

ATCO SHARE OWNERSHIP FOR PRESENT & PROSPECTIVE OWNERS

It is important for prospective owners of ATCO shares to understand that ATCO is a diversified group of companies principally controlled by Sentgraf, a Southern family holding company. It is also important for present and prospective share owners to understand that the ATCO share registry has both non-voting and voting common shares.

Letter to Share Owners



Nancy C. Southern
Chair, President & Chief Executive Officer

Dear Share Owners,

It is with deep sadness and so many wonderful memories that I write this letter to you.

On January 21, 2016 your Company's Founder, Ronald D. Southern, passed away peacefully at home with my mom, Margaret, his wife of 61 years, my sister, Linda, and myself by his side.

R.D., as I affectionately called him, was an extraordinary man of unquestionable integrity, fierce determination, a lion's courage and immense imagination.

While it may not be for me to say, it is rare to meet someone who can truly be called great – Ron Southern was such a man. His range and depth of accomplishments were sterling, but it was his warmth, humility, decency and unwavering sense of duty and pride for his city, his province, and his country that distinguished him.

My meagre words can never do justice to our Founder, but in a note of condolence our family received, we were reminded of the tribute to Christopher Wren, the great British architect. When a friend of Wren's heard someone lament that there were no monuments in recognition of Wren in London, the friend replied no monument was needed – one only needed to look around at the beautiful buildings that bear his signature.

While not in the same league as Christopher Wren's St. Paul's Cathedral, the enterprise known as ATCO Group and the vitality of its people are the legacies that bear the signature of Ron Southern.

Everywhere you look across our organization you will find his architecture:

- The Balance Sheet – our strong foundation that is the bedrock from which ATCO grows;
- Dual Class Shares – the steel that ensures long-term sustainable value creation; and

- Method of Operating – the interior, filled with people of great heart, courage and determination, always striving for excellence, just like our Founder.

Our Company weathered many challenges and R.D. himself faced many adversities over the years, but he, and the people of ATCO – and they have been and are terrific people – persevered with honesty, determination, intelligence and common sense.

Today, as I remember the past, and face the future, I take great confidence in the lessons learned, the granite-like strength of our Company and the resiliency of our people.

Our world and our economic environment are rapidly changing and growing in complexity and uncertainty.

2015 was a difficult year for our Company, just as it was for many others who felt the shockingly abrupt pull back in oil prices and diminishing growth opportunities.

It became increasingly apparent that in this changing world, we too had to change – preemptively and immediately if we were to be at the forefront of creating value-oriented solutions for our customers and future value for our share owners.

And change we did! We enacted sweeping change of unparalleled magnitude – reducing levels of bureaucracy built up over time and introducing a culture of flexibility, agility, imagination and innovation.

One factor that remains constant, but has received heightened focus and awareness is our unwavering commitment to our customers; knowing what customers are looking for and developing premier integrated solutions of the highest quality on-time and on-budget. This is the trademark of our Company.

We also made a fundamental shift in the way we do business as we restructured into three Global Business Units (GBUs) – Structures & Logistics, Electricity and Pipelines & Liquids – that combine all their lines of business in their respective industries into vertically integrated business units that are able to more efficiently and effectively respond to our customers' needs.

Each GBU is approximately the same size that ATCO Group was a decade ago, prior to this past period of extraordinary expansion. The new structure gives us the nimbleness to make decisions in a more rapid and targeted, strategic manner. Each business unit is further strengthened by a mandate to pursue sectoral opportunities in a more autonomous way.

Our Managing Directors: Steve Lockwood, Structures & Logistics; Wayne Stensby, Electricity; and George Lidgett, Pipelines & Liquids; are tasked with growing their businesses through the development of new products and services and by pursuing new opportunities in existing markets and new geographies around the world. You will find letters regarding their respective strategies on pages 9, 16 and 26.

Sett Policicchio, who most recently led the construction of the province's longest ever transmission project –

nearly 500 km in length, 500 kilovolt DC Eastern Alberta Transmission Line – now leads a newly formed group responsible for establishing a 'Shared Services' model that will deliver exceptional value to our Global Business Units for their non-core, but necessary needs such as global supply chain and procurement, security and fleet management, for example.

As the GBUs focus on their sales and markets, operational excellence, strategy, research and product development, the Shared Services team – now called our internal "Customer Service" group – is charged with developing a competitive advantage through streamlined, cost-effective services for ATCO's operations. With a special team of experts intent on driving down costs without impacting industry-leading service or quality, our business units will concentrate solely on operations and growing their businesses.

I am very pleased and enthused about the early 2016 launch of our newest company, ATCOenergy, which is an example of our more innovative approach to traditional business that ATCO will now take. The new company is designed to be the premier electricity and natural gas retailer in Alberta's competitive landscape on a virtual platform that is transferrable and scalable for other jurisdictions.

We are a leaner, more targeted and revitalized organization today. One I believe, is an enterprise ready to compete with anyone, anywhere in the world, and we will continue to strive for excellence in all that we do.

Reducing staff was extremely difficult for me and for your Company. We remain steadfast in our belief that it is the people of ATCO Group who are our real competitive advantage and we will work hard to grow our businesses and create new opportunities for the next generation.

Under our new structure, we are adapting rapidly to a different world and we are even more capable of fending off the headwinds as they arise. We are exploring new opportunities and I foresee ATCO as a leader in renewable energy, in the future, as well as an enterprise that is well-equipped to provide housing, facilities management and catering around the world, and the company that customers globally seek to build integrated infrastructure solutions – Always there, anywhere, anytime.

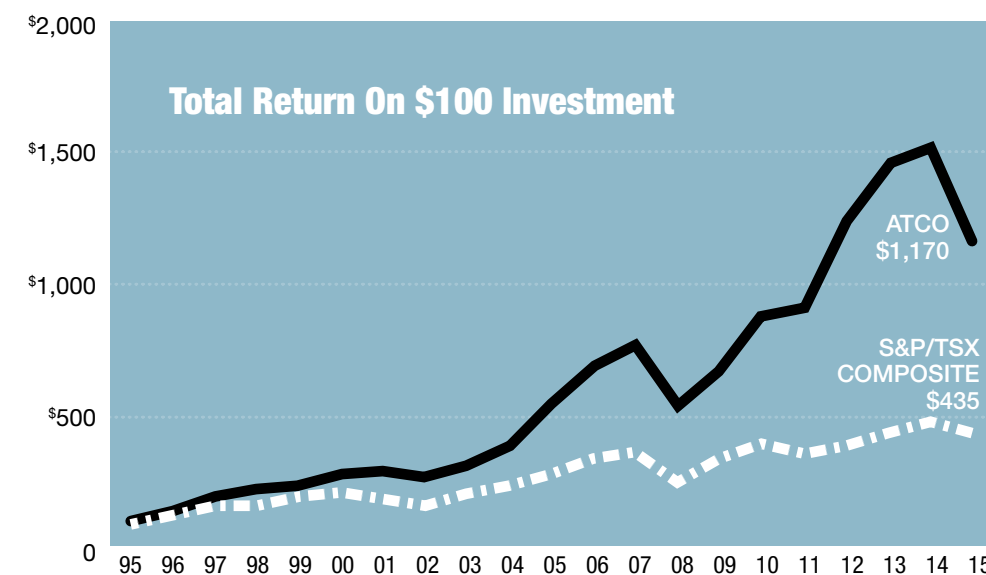
Our history is not just one of tackling adversity but of emerging stronger with a more prosperous and dynamic future ahead. As evidenced by our 20-year total share owner return (left), your Company continues to outperform the S&P/TSX Composite by a significant margin despite the downward pressure of the markets this past year.

As our Founder used to say "To ATCO, tomorrow means adventure, meeting new challenges, visiting new lands, exploring new dimensions in living, finding new opportunities, creating as yet unknown designs and thinking of unlimited ideas. The world is our thinking cap."

I am inspired by the bold course we have set, the support of our Directors and the terrific people of our Company. I look forward to an exciting 2016.

Sincerely yours,

N.C. Southern
N.C. Southern





ATCO Chair, President & CEO, Nancy Southern, announces the launch of ATCOenergy at a press conference held in Edmonton, Alberta.

On February 3, 2016 ATCO launched its newest venture – ATCOenergy, a new electricity and natural gas retail company that promises Albertans outstanding service and lower costs for their homes and businesses. With the launch, ATCO has built on its near 100-year history in the province and invested once again, creating new jobs and lowering electricity and natural gas costs when Albertans need it most.

The company’s business model was developed for Albertans, by Albertans. After completing nearly two years of customer research across the province, the company learned what customers were looking for in an energy retailer, determined where existing service providers were falling short, and identified opportunities for ATCOenergy to provide the level of service customers expected.

Customer input led to the creation of a positive energy company that rewards its customers for loyalty, offers low rates, transparent, no strings attached plans and a positive, hassle-free experience.

With a commitment to delivering the outstanding service that customers have come to expect from an ATCO company, ATCOenergy offers innovative and flexible plans spanning 1, 3, or 5 years, a choice of variable or guaranteed prices for electricity and/or natural gas service and the ability to purchase green energy from renewable sources. Customers also benefit from one of the lowest administration fees in the market, saving 50 per cent off monthly administration fees by combining their electricity and natural gas in an Energy Value Bundle.

Large business customers can also leverage ATCO’s in-depth knowledge of the electricity and gas markets in

Alberta through ATCOenergy’s team of in-house energy consultants. This team of experts analyzes customer energy use and develops customized plans that meet customer needs and result in real savings.

Since its launch, Albertans have embraced ATCOenergy, proving that the time was right and customers were ready to welcome a new electricity and natural gas retailer to the province.

Albertans can sign-up for some positive energy at ATCOenergy.com or by calling 1-844-OUR-ATCO (687-2826).



Customer benefits include:

- Up to \$100 in sign-up incentives (credited to your first bill);
- Up to \$50 in anniversary credits (credited to your bill every year on the anniversary of your agreement);
- Green electricity options;
- Convenient payment options (including credit card payment);
- A simple sign-up process by phone or online (including live-chat);
- The lowest administration fees around;
- Flexible contract options;
- No penalty cancellation; and
- Outstanding customer service.



ATCO Blue Flame Kitchen: Connecting With Customers for 86 Years

ATCO’s restructuring efforts in 2015 brought together ATCOenergy and ATCO Blue Flame Kitchen (BFK), a company that has connected with customers across Alberta for 86 years.

As a well-established brand in Alberta, ATCO BFK will help introduce Albertans to ATCOenergy.

ATCO BFK has a long history of supporting and engaging with communities and organizations throughout the province – an approach that aligns with ATCOenergy’s promise of spreading positive energy.

In 2015, ATCO BFK once again increased overall community engagement reaching customers of all ages through events, classes,

speaking opportunities and new programs with partners at the University of Alberta, Alberta School Boards, YMCA, Alberta Food Banks and Alberta Health Services.

Through these educational programs and a combination of diverse platforms, including media appearances and digital communications, ATCO BFK reached more than 458,000 customers primarily in Alberta.

ATCO BFK continues to be a cherished and trusted brand customers look to for reliable information, including recipes, food safety, stain removal, and other household concerns.



In 2015, ATCO Blue Flame Kitchen saw more than 9,700 customers of all ages participate in new educational programs and various cooking classes.

Competing Globally Through Innovative Solutions



Siegfried W. Kiefer
President & Chief Operating Officer,
Canadian Utilities Limited

The World and the World of Business are changing at an ever-increasing pace. We see customers demanding more innovation not only in products and services, but also in delivery channels and the commercial terms that we offer. Globally, there continues to be growing demand to address environmental issues and climate change. As well, global competition is intensifying, requiring us to be even more efficient and effective in order to be the best in the world, no matter where we operate.

It is within the context of these global trends, complicated by a very challenging time for resources and resource-based economies, that ATCO has undertaken a reorganization of its principal operating subsidiaries into globally focused, vertically integrated business units.

The reorganization of our subsidiaries and their superior capabilities into three integrated Global Business Units opens up opportunities to take our expertise to maturing and emerging markets alike.

INNOVATION

A focus of our Global Business Units will be to use our ingenuity and innovation to bring comprehensive solutions to our existing and new customers. We are already hard at work in this area with planning for several projects far advanced.

An example is distributed generation – an innovative, high-potential business model that provides customers with temporary or long-term power solutions of various sizes – anytime, anywhere. These modular power generation facilities can provide power to

customers connected to the electricity grid or in complete isolation.

Temporary solutions can bridge the gap between grid connection and permanent generation, for emergency or supplementary onsite power, or to offset electricity shortages.

In addition, ATCO is pursuing a number of initiatives that are driving down costs and driving up environmental performance for customers.

The City of Fremantle in Western Australia made the decision to reduce its carbon footprint, as well as its operating costs, through the use of technologies, including natural gas cogeneration with ATCO. Installation of the cogeneration unit produces electricity to run the leisure centre and the heat generated during the production of electricity is captured and used to heat the swimming pools, thereby lowering the carbon footprint of the centre and its energy running costs.

ENVIRONMENTAL OPPORTUNITIES

In Alberta, the province has announced that all coal-fired electricity generation will be shut down by 2030, with two-thirds of that generation being replaced by renewable energy. With more than 6,250 MW of the installed generating capacity in Alberta being coal-fired, the road ahead is challenging as a tremendous amount of power will have to be replaced in addition to dealing with the growth in demand.

The greening of the energy sector also requires significant additions and major changes to the transmission grid to accommodate the intermittent nature of renewables. When the sun doesn't

shine and the wind doesn't blow no power is available to flow through the wires and alternate sources must be available to maintain the reliability of the electrical grid.

If Alberta is to achieve its targets of 30 per cent renewable electricity by 2030, hydro electricity must be a part of the solution. Hydro is the only form of renewable generation with dispatch control. This means that it can cost effectively store energy when wind and solar are available, and then step into service when the sun is not shining, or the wind is not blowing. In addition, hydro facilities can play an integral role in water management and flood control. Water is a critical resource for agriculture, industrial processes and sustaining nature. We must manage this resource more effectively than we do today.

Globally, we are seeking markets that would benefit from our integrated capabilities to advance their environmental improvements. An example of how we are already implementing this strategy is occurring in Mexico where we are building a pipeline and working on a cogeneration power plant as the country pursues increased use of a cleaner and more affordable fuel source.

As countries around the world tackle climate change by replacing thermal generation with renewables, we see a wealth of opportunity.

GLOBAL COMPETITION

To succeed in the future we must be the best; we must be lean to manage costs; we must be innovative; and we must be nimble and even more responsive – acting more quickly than we do today.

Around the world, different competitive models are being explored in many jurisdictions – government-subsidized projects, competitive bid initiatives, and private/public partnerships to name a few. Regardless of the model, ATCO will be active and progressive in providing solutions both globally and in our home province of Alberta.

For example, in December 2014, following an intense international competition involving the world's foremost companies, we were successful in winning the first competitively bid transmission infrastructure project in Alberta – an approximately 500 km, 500 kV transmission line and associated facilities valued at \$1.43 billion, running from west of Edmonton to Fort McMurray.

We submitted a bid that provided the best possible infrastructure solution at the lowest possible cost – a commitment we make every day to the more than one million electricity and natural gas customers we serve. The win crystalized the realization that we can successfully compete against the world's best.

A critical factor in our success will be our continued efforts at establishing and maintaining our commitment to being a valued corporate citizen in the communities in which we operate, and in our Indigenous relations. We believe that by focusing our organization

on developing deep understanding, respect, trust, and mutual long-term benefits, we will achieve tremendous long-term partnering relationships in all parts of the world where we wish to operate.

The change that is underway throughout the developed and developing world presents ATCO with tremendous opportunity.

By combining innovative solutions to meet our customers' needs, with globally competitive costs, strong community and Indigenous partnerships, and working closely with governments to create sound policy frameworks, ATCO will be successful in being a growing part of the global delivery of affordable, reliable, and sustainable energy solutions for generations to come.

Siegfried Kiefer



Shell's Carmon Creek Bluesky Lodge was completed in 2015 ahead of schedule and without a lost-time incident from the more than 500,000 hours of work.



STEVE LOCKWOOD
President & Chief Operating Officer
ATCO Structures & Logistics Ltd.

STRUCTURES & LOGISTICS

GLOBAL BUSINESS UNIT

In 2015, the global economy continued its downward slide, which resulted in a decrease in profitability for ATCO's Structures & Logistics Global Business Unit. However, because of our diversification in business lines and geography, the impact of this downturn on our business was somewhat mitigated.

Also in 2015, as part of ATCO's long-term strategy of divesting non-core assets and redeploying capital to its core businesses, ATCO Emissions Management was sold to TriWest Capital Partners.

As we move into 2016, it will be essential for us to control our costs, enhance our global sales efforts, enter new markets and add new products and services to our suite of offerings. We will use this downturn in the global commodity markets to refocus our business and position ourselves for the future.

A key component to this transformation will be refocusing our organization in many areas, including innovation in our products, services, processes and systems. Through innovation and a coordinated and aggressive approach to sales and cost controls, we will position ourselves to further diversify and grow our business.

As we reshape our business, it is our expectation that we will gain a much deeper insight into our global markets and our customers' needs and expectations. We will use this knowledge to diversify our business outside the energy sector and to improve our offerings to our customers. At the same time, ATCO Structures & Logistics will continue to provide the solutions and services our customers have come to expect over many years.

As the world continues to navigate through this difficult economic journey, ATCO will continue to work on creating value for current and prospective customers worldwide.

Steve Lockwood

Structures & Logistics

ATCO's Structures & Logistics Global Business Unit includes ATCO Structures & Logistics, ATCO Frontec and ATCO Sustainable Communities. Together, this business unit offers modular structures, lodging and support services, and facility operations and maintenance solutions worldwide. This includes a full range of pre-fabricated, culturally sensitive building solutions for Indigenous and other remote communities.

With manufacturing facilities in North America and Australia, a global supply chain, and operations on three continents, the Structures & Logistics Global Business Unit has the expertise to rapidly deliver a turnkey solution anywhere it is needed.

GROWTH

To meet increased expectations for value and service, ATCO's Structures & Logistics Global Business Unit continues to pursue strategies aimed at delivering customer-focused, value-driven products and services. This included new pricing strategies across

most product lines and renegotiated agreements and arrangements with many suppliers.

To support future growth, ATCO Structures & Logistics expanded into new and existing geographical markets. In Canada, the company grew its business in the East with the acquisition of Morris Modular Space in Sudbury, Ontario, increasing the company's rental fleet by 10 per cent in Eastern Canada. In Mexico, ATCO Structures & Logistics established a sales presence as part of ATCO's entry into that market, and is identifying opportunities for future business.

INNOVATION

In 2015, ATCO Structures & Logistics successfully developed a number of innovative new products in Australia, where there has been a conscious drive for innovative modular product development.

A range of blast resistant buildings were designed and constructed for petrochemical projects. These buildings were designed to withstand blast overpressure ranges from 6.2 kPa to 50 kPa.

The company was also contracted to provide initial design development and construction of various highly customized buildings for a new market segment — detention and processing facilities required by the Australian Government at Manus Island and Nauru. Structures included accommodation, processing facilities, kitchen and laundry buildings and a fully operational hospital, including operating and dental theatres.

Modular Structures

The modular structures business line includes the design, manufacturing and installation of workforce housing facilities. In addition to large-scale workforce housing complexes, ATCO also provides modular fleet hire and sales.

The collapse of oil and commodity prices in 2015 led to a drastic, global reduction in exploration and mining activity which created a challenging year for ATCO's modular construction business.

Despite these market conditions, ATCO won several contracts that showcase the company's ability to cost-effectively



ATCO was awarded a further contract to design, manufacture and install an additional 435 modular units with Bechtel on the Chevron-operated Wheatstone Project in Western Australia. The units were manufactured at ATCO's Kwinana Manufacturing facility (above).

deliver large workforce housing projects and to provide customers with flexible financing options.

Site C Clean Energy Project

The biggest contract of 2015 was the award of the BC Hydro Site C Clean Energy Project, in the Peace River region of British Columbia. The eight-year contract, valued at approximately \$470 million, is for the design, manufacture, installation and operation of a 1,600-person workforce housing facility.

The lodge showcases ATCO's capabilities in modular construction, and features an airy, contemporary, open-concept central lobby as the centrepiece. The facility features a range of modern amenities designed to bring all the comforts of home to the rural location, and to reduce the impact on the surrounding community.

The Site C Lodge features a multi-faith centre, a 100-person movie theatre, a licensed lounge, a gymnasium with a running track and a weight

training area. To further enhance the experience for lodge residents, services such as physiotherapy, massage and hairdressing will also be provided.

The lodge, its operation and related services is a great example of how the integration of two formerly separate ATCO businesses - ATCO Structures and ATCO Frontec - have been combined to bring better value and solutions to customers.

Shell Carmon Creek Project

In the second quarter of 2015, ATCO completed the manufacturing and installation phase of the 1,200-person workforce housing facility – the Blue Sky Lodge – at the Shell Carmon Creek oil sands project.

The facility includes 94 modular units in combination with a panelized system, creating a lobby with an open, hotel-like feel. The dormitories feature single occupancy bedrooms with ensuite bathrooms. The lodge also features relaxation and recreation rooms, a stand-alone gymnasium including

racquetball and squash courts, a running track, separate weight training areas, a 200-person, open-plan office complex and a 1,500-person wastewater treatment plant.

Construction of the Blue Sky Lodge also featured an important safety milestone. The lodge was completed with a remarkable 500,000 hours of work, without a lost-time incident.

ATCO's joint-venture partnership with the Woodland Cree First Nation for the Shell Carmon Creek facility supports local Woodland Cree businesses and employment of local First Nation members. This includes work related to camp management, catering, housekeeping, janitorial services and more. While the Carmon Creek Project was suspended by Shell, ATCO continues to operate the lodge in a reduced capacity for the company, whose staff and contractors from other projects continue to work in the area.



ATCO Structures & Logistics is building a temporary community in the form of a 1,600-person workforce housing facility for the construction of BC Hydro's Site C Clean Energy Project.

LNG Modular Structures Project

In the fourth quarter of 2015, ATCO was awarded a contract to design, construct, transport, install and rent 591 modular units at a major liquefied natural gas (LNG) project near Lake Charles, Louisiana. The units will be used to provide sleeping accommodation for 2,300 persons, kitchen and dining facilities, and a recreation centre.

Under the terms of the contract, the new workforce housing units will be leased for a 29-month period which commenced in January 2016 with the delivery of 104 modular units after completing Phase I of the project. At the end of the lease term, the units will be returned to the company's fleet, thereby expanding its footprint in the U.S. market.

AUSTRALIA Wheatstone Project

In 2015, ATCO was awarded additional scope to design, manufacture and install an additional 435 modular units under its current agreement with Bechtel on the Chevron-operated Wheatstone Project in Western

Australia. The total value of the work is estimated to be AUD\$384 million and includes workforce accommodation, kitchen facilities, lunch rooms, offices and site cribs.

ATCO continues to grow its business supporting LNG projects in Australia, with this being the fourth major contract the company has been awarded.

State Government Projects

ATCO was successful in being selected as a supplier for two government contracts: New South Wales Correctional Services, supplying building and installation work for prison facilities within the state; and Victoria Education, where ATCO has been selected to provide schools and other construction and refurbishment activities for all public schools within Victoria.

These opportunities position ATCO as a direct contractor to two state governments within Australia.

Lodging and Support Services

As part of its turnkey accommodation offering, ATCO Structures & Logistics provides customized lodge operation services in support of "closed" or customer-owned lodges. The range of services can include:

- Food services;
- Housekeeping and janitorial services;
- Guest intake (front desk and reception);
- Recreation programs;
- Retail (convenience stores, vending, bars, coffee shops and ATMs);
- Security and pass control;
- Administrative support and housing staff;
- Building and utility maintenance; and
- Roads and ground maintenance.

ATCO continued to grow its lodge operations business with a contract win in March through Torngait Services Inc., a partnership between ATCO and the Nunatsiavut Group of Companies.



From food and janitorial services, to building and utility maintenance, ATCO offers a full suite of complementary lodging and support services for ATCO and customer-owned lodges around the world.

The contract was awarded by Valard Construction LP for the operation of five workforce accommodation lodges in Newfoundland and Labrador.

New business was also generated with a contract award from Husky in November to operate and maintain its Sunrise Lodge and provide food services to guests staying at the 1,500-room lodge.

In 2015, ATCO continued to operate lodges for CNRL, K + S Potash, Shell, TransCanada Pipelines and BHP Billiton, and continued to co-own and operate Barge Landing Lodge and Creeburn Lake Lodge with the Fort McKay First Nation, north of Fort McMurray.

Logistics and Facility Operations and Maintenance Services

The core business of ATCO Frontec is the provision of logistics and facility operations and maintenance (O&M) services in Canada and internationally to both the private and public sectors.



ATCO Structures & Logistics was awarded a 10-year contract renewal from the Government of Nunavut to continue operating the 30 million litre fuel storage facility in Resolute Bay.

In 2015, ATCO was awarded a 10-year contract renewal from the Government of Nunavut to continue operating the 30 million litre fuel storage facility in Resolute Bay. The new contract begins November 2016.

ATCO also continues to operate Resolute Bay's South Camp Inn, Airport Hotel and a water treatment plant, and maintains the Resolute Bay Observatory in the world's second-most northern community.

In the Arctic, ARCTEC, a partnership between ATCO Structures & Logistics and ASRC Federal Primus, continues to provide operations and maintenance services to the Alaska Radar System, for the United States Department of the Air Force. The 10-year ARCTEC agreement was renegotiated in 2015, and services are currently being provided under a bridge agreement with the new contract coming into effect October 2016. This contract continues ATCO's 19-year partnership to maintain the radar sites which are accessible only by air or seasonal barge.

Pan American Games

Last summer when the eyes of the world turned to southern Ontario for the 2015 Pan American and Parapan American Games, ATCO was front and centre, providing 200 modular units for a range of operations at sports venues during the Games.

ATCO's mobile, multi-purpose buildings were delivered to 35 event sites and used in a variety of ways including ticketing booths, broadcast facilities, offices, medical centres, lavatories, showers, as well as lounges for judges and athletes.



Sustainable Communities

Part of the Structures & Logistics Global Business Unit, ATCO Sustainable Communities provides a full range of pre-fabricated, culturally sensitive building solutions for Indigenous and remote communities.

The company's capabilities have evolved to provide Indigenous customers with support related to commercial development of Urban Reserve Lands, land acquisition and commercial leasing.

COMMITTED TO CUSTOMERS

ATCO Sustainable Communities' holistic engagement process extends to identifying and welcoming community-owned businesses and community members to participate throughout the life cycle of the project. As a result, ATCO is better able to understand their specific cultural and physical requirements.

This approach strengthens ATCO's partnership with the community, while ensuring the project's overall success. Engagement continues after project completion with training and education programs delivered by ATCO. As a result, qualified resources exist in the community to manage and maintain the new infrastructure over the long-term.

GROWTH

2015 was an important year as the company continues to diversify and grow the services offered to Indigenous communities. An area of focus has been partnering with Indigenous communities in the development of traditional or in some cases, newly acquired Urban Reserve Lands.

The successful commercial land development of these properties provides an unparalleled opportunity for Indigenous communities to



Helping Fuel Development for the Salt River First Nation

On November 2, 2015, the Salt River First Nation officially cut the ribbon on its wholly-owned and operated Petro-Canada gas station and convenience store in Fort Smith, Northwest Territories. Canadian Utilities Limited President & Chief Operating Officer, Siegfried Kiefer, was on-hand joining dignitaries from the Salt River First Nation.

The 3,100 sq. ft. modular facility includes a well-appointed gas station, plus a fully stocked convenience store, and office space

designed for commercial tenants. The project was designed and built by ATCO Sustainable Communities and opened just three months after the design was approved. This showcased the speed with which the company can provide infrastructure for Indigenous communities.

Now fully operational, the facility provides significant economic development, training and employment opportunities for the Salt River First Nation.

generate revenue that can be used to sustain programming and develop community infrastructure.

To assist partners in the timely development of these lands, ATCO has created a Commercial Development Group designed to support communities through every stage of the project from land acquisition through to the development, construction and property management of facilities.

Jeremias Sillitt Community Centre
In Nain, Labrador, ATCO constructed the Jeremias Sillitt Community Centre. The 15,000 sq. ft. facility features durable, modular construction which provided the perfect, cost-effective solution for the remote community – accessible only by boat or plane.

The design accommodates a variety of community functions and includes spaces for Elders to gather, a library, kitchen, gymnasium and fitness facility. The facility was engineered to withstand a heavy snow load for at least six months of the year.

Salt River First Nation Gas Station
In October, ATCO completed a gas station and convenience store for the Salt River First Nation (see sidebar

pg. 14). The 3,100 sq. ft. facility is the second commercial project built by ATCO in Fort Smith, NWT. In 2012, ATCO designed and built the Wood Buffalo Inn – a modular extended stay motel.

Attawapiskat Firehall
Several other projects showcasing ATCO's versatility and capabilities were completed in 2015, including construction of a fire hall for the Attawapiskat First Nation.

The fire hall features innovative integration of a modular administrative building with a pre-engineered steel structure for the vehicle bays. Modular construction was an excellent solution for the community since its remote location features a short building season with difficult access on seasonal winter roads and by barge.

Piikani Nation Multiplex Sports Centre
The largest project in ATCO Sustainable Communities' history – the Piikani Nation's 36,000 sq. ft. Multiplex Sports Centre in Brouck, Alberta – was initiated in 2015. The new facility will include an ice rink, dressing rooms and concession, along with community meeting spaces and offices. The

centre is being constructed using an innovative approach that combines ATCO modular units for the dressing rooms and offices, inside an engineered membrane arena.

Blood Tribe Youth Wellness Centre
In Standoff, Alberta, construction of the uniquely designed 4,343 sq. ft. Blood Tribe Youth Wellness Centre is also underway. The centre will feature eight private bedrooms with ensuites, a common area and dining room, as well as offices, a boardroom, reception and lobby, washrooms and a ceremony room.

The modular units used in construction are being manufactured at the Blood Tribe's own housing manufacturing facility.

ATCO worked closely with Blood Tribe Housing in 2014, to re-open the manufacturing facility, and to provide community members with on-the-job training. The results of this investment were realized for both partners when ATCO built 24 townhomes using the Blood Tribe manufacturing facility, and employing community members for the project.



When complete, the Piikani Nation's state-of-the-art 36,000 sq. ft. multiplex sports centre will be the largest project in ATCO Sustainable Communities' history.



In 2015, ATCO Electric completed the largest project in the company's history. The 485 km, 500 kilovolt Eastern Alberta Transmission Line will play a key role in bringing renewable energy to Albertans across the province.



WAYNE STENSBY
Managing Director,
Electricity

ELECTRICITY

GLOBAL BUSINESS UNIT

In 2015, as an element of ATCO's transformational change, the Electricity Global Business Unit brought together ATCO Electric, ATCO Power and ATCO Power Australia, delivering fully integrated solutions in electricity generation, transmission and distribution.

The merits of integration and a singular focus on delivering value to our customers are already becoming evident. Our House Mountain Gas Conservation Facilities and North Montney Power Supply projects (see pg. 21) are making energy easier for customers through our distributed generation solutions combined with our transmission and distribution expertise.

The successful completion of the Eastern Alberta Transmission Line and commencement of the Fort McMurray West 500 kV Transmission Project demonstrate our capacity to deliver complex, large-scale projects (see pg. 17).

Customers, governments and society are expecting more from electricity, and the role of electricity providers is changing rapidly - we see this as our opportunity. The drive for sustainable energy is global, and providing environmentally friendly solutions coupled with ongoing product and service innovations is key to our growth.

As outlined in the Government of Alberta's Climate Leadership Plan, coal-fired power generation will be phased out of Alberta by 2030. We embrace this step forward and share the province's vision to reduce emissions and improve environmental performance, while remaining mindful of the need to properly balance system reliability, protect jobs, and mitigate costs for consumers.

ATCO is working closely with government and industry to provide solutions that will evolve Alberta's fuel mix and introduce more renewable sources of generation, including not only wind but also solar, and perhaps most importantly, hydro.

Opportunities for renewables exist in our home province but, also in other markets worldwide including Australia where the country has the highest usage of grid-connected rooftop photovoltaic solar systems, and in Canada's North where our utility companies are pursuing renewable replacements for existing diesel generation.

In 2016, our business will renew our focus on innovation, expanding our sales efforts into new markets and geographies, and increasing our customer engagement to better understand their needs and expectations.

ATCO's Electricity Global Business Unit is well-positioned to provide customers with the cost-effective energy solutions they need, while keeping a steadfast commitment to safety, reliability, customer service and innovation.

Wayne Stensby



Right-of-Way Project Manager Scott Merrifield (right) consults with a landowner near Genesee, Alberta.

Electricity Transmission and Distribution

As part of the Electricity Global Business Unit, ATCO Electric builds, owns, and operates electrical transmission and distribution facilities, delivering safe, reliable electricity to more than 227,000 farm, business and residential customers in 245 communities in east-central and northern Alberta. The company also supplies electricity to large industrial and oilfield customers, supporting the development of Alberta's energy-rich industrial sector.

ATCO's electrical system includes approximately 11,000 km of transmission lines and 69,000 km of distribution lines. The company plans, develops, operates and maintains transmission infrastructure that transports electricity from generating stations to substations, as well as distribution facilities that deliver power from substations, directly to customers' homes and businesses. It also maintains approximately 4,000 km of distribution lines on behalf of farmer-owned Rural Electrification Associations.

In addition to its role as a regulated utility, ATCO Electric, through the Electricity Global Business Unit, pursues non-regulated projects, delivering top-quality, cost-effective electrical infrastructure for industry.

In 2015, ATCO Electric implemented strategies to deal with reduced demand for capital project work due to the economic impacts of falling oil prices. The company found efficiencies by restructuring to better foster growth, innovation and good customer service, and adapt to changing economic circumstances.

PROJECT UPDATES Eastern Alberta Transmission Line

In 2015, ATCO Electric completed and placed into service the \$1.8 billion Eastern Alberta Transmission Line (EATL) – the largest project in its history. Stretching from north of Edmonton to south of Brooks, EATL is one of the first High Voltage Direct Current (HVDC) lines in Alberta, reinforcing Alberta's electrical grid and providing capacity to handle new sources of renewable power generation in the province.

Fort McMurray West 500 kV Transmission Project

Work continues on the Fort McMurray West 500 kV Transmission Project, won by ATCO's Alberta PowerLine company through the government's competitive transmission bid process in 2014. Consultation with landowners, communities and Indigenous peoples occurred throughout 2015. Alberta PowerLine submitted its facilities application to the Alberta Utilities Commission (AUC) in December, requesting approval to construct and operate the project. The company anticipates the AUC will render its decision on proposed routes by late 2016/early 2017.

GROWTH

In 2015, ATCO Electric formed its new customer-focused sales group charged with finding projects in new markets, both within Canada and beyond.

INNOVATION

In 2015, ATCO Electric's Transmission Division successfully created and implemented an ISO 14001 compliant Environmental Management System (EMS). With this system, the company ensures environmental impacts are considered and evaluated when making business decisions.



One Small Step for Faster, Safer Power Line Maintenance

Traditionally, Power Line Technicians have maintained transmission lines by travelling on the ground from tower to tower, climbing to the top to perform their work, then climbing back down to drive to the next tower. While this method works, ATCO Electric saw room for improvement and adapted an existing helicopter-based maintenance method.

After several months of testing and training, the Line Maintenance department of ATCO Electric's Transmission Division implemented the new A-Step maintenance method.

The A-Step method involves a small set of stairs mounted to a helicopter. Power Line Technicians move from tower to tower via helicopter, using the A-Step to quickly and safely transfer themselves and their tools from a hovering helicopter to the top of each tower.

The new method provides a number of advantages:

- Improved safety for technicians – reduces the time technicians are exposed to falls by 50 per cent, and technicians are connected to fall arrest gear at all times;
- Reduced environmental footprint – less travel on power line rights-of-way;
- More efficient – maintenance tasks are completed much more quickly and efficiently; and
- Cost-savings – eliminates the need to pay for temporary right-of-way access, crossing agreements for pipelines and other utility infrastructure.

The A-Step is a significant step forward for power line maintenance and just one example of how the Electricity Global Business Unit will use innovative new construction and maintenance techniques to improve safety, increase performance, reduce environmental impacts and lower costs.





Keeping the Lights on at the Grande Prairie Regional Hospital

In 2015, ATCO Electric designed and installed an automatic transfer system in the new Grande Prairie Regional Hospital to ensure power to the hospital is maintained even during a severe or extended outage. In the event of an outage, the newly installed system ensures power is automatically transferred from one feeder to the other via the automated switching devices.

To further protect and maintain the reliability of the hospital's power supply, ATCO Electric took the installation one step further. Most commercially available automatic transfer systems encase all of the switches in a single switching cubicle. If that cubicle is badly damaged, the power goes out. To mitigate this risk, ATCO Electric designed a two-cubicle system to keep the power to the hospital flowing even if one cubicle is damaged.

When the Grande Prairie Regional Hospital opens in 2019, reliability will be greatly improved with the adoption of this technology.

COMMITTED TO CUSTOMERS

In an effort to help customers better understand their electricity bills, ATCO Electric released a series of educational videos that explain the various components of a bill and reinforce the value of the company's services. The illustrated videos use a simple and engaging storytelling approach that was well-received among customers and earned the company a communications award from the International Association of Business Communicators.

During the summer of 2015, ATCO Electric demonstrated its commitment to customers when it responded to wildfires in northeast and northwest Alberta, including a 10,000 hectare fire on the Cold Lake Air Weapons Range. Local teams worked with emergency responders and were among the first to access the site of that fire.

Within four days, ATCO Electric crews had repaired and re-energized 16 fire-damaged, 25 kV power lines – an extremely quick and safe response in the wake of considerable damage.

In a transaction demonstrating the trust ATCO Electric has established

with the communities it serves, the company purchased the electric distribution assets of two Rural Electrification Associations – Stry, located 150 km northeast of Edmonton, and Warwick, approximately 100 km east of the Alberta capital. In total, ATCO Electric added approximately 630 new customers.

Power Generation

ATCO Power, part of the Electricity Global Business Unit, leverages decades of experience and industry-leading expertise developing, building and operating independent power generation facilities to provide customers with cost-effective power solutions.

ATCO Power has an ownership position in 13 power generation plants in Alberta, British Columbia, Saskatchewan and Ontario, with a combined capacity of approximately 3,591 megawatts (MW) and a total ownership interest in 2,286 MW. The company has expertise in developing, constructing and operating gas-fired, cogeneration, combined-cycle, hydro and coal-fired generating stations.



A frame from ATCO Electric's award-winning video educating customers on their electricity bills.

SAFETY

In 2015, ATCO Power successfully completed facility maintenance at three of its major power generation facilities. The turnarounds were completed with zero recorded incidents despite the increased risk associated with higher numbers of staff onsite. The success of the turnaround season is a testament to ATCO's commitment to premier health and safety performance.

RESEARCH & DEVELOPMENT

ASHCOR Technologies, a division of ATCO Power, has marketed fly ash, a non-combustible byproduct of the coal-fired generation process, to industrial customers for more than 18 years. Fly ash is a supplementary cementing material and a superior

replacement for more GHG-intensive ready-mix cement products on the market.

In 2015, ASHCOR engaged in several research and development (R&D) initiatives designed to benefit its customers and expand the use of fly ash beyond the oil and gas and ready-mix concrete industries. The team's primary R&D focus was soil stabilization, completing several successful soil test sections in feedlots and under new roads throughout Alberta. The team also worked in collaboration with laboratory partners to study the extraction of rare earth metals from fly ash for manufacturing.

Distributed Generation

Distributed generation is an innovative business model that provides customers with temporary or long-term power solutions of various sizes – anytime, anywhere. ATCO Power develops, installs and operates these modular power generation facilities which can provide power to customers connected to the electricity grid or in complete isolation.

Temporary solutions can be used to bridge the gap between grid connection and permanent generation, for emergency or supplementary onsite power, or to offset electricity shortages.



ATCO Power's Distributed Generation team successfully delivered a 5 MW temporary power generation solution that reduces flare gas for Apache Canada Limited. Temporary power solutions can be used to bridge the gap between grid connection and permanent generation for emergency or supplementary onsite power or to offset electricity shortages.

Permanent solutions can assist customers with reducing operating costs and increasing the reliability of power to operations, by bringing power closer to site, even in remote locations.

PROJECT UPDATES

ATCO's distributed generation business experienced growth in 2015. The company was able to effectively demonstrate the reliability and cost-effectiveness of these nimble power solutions with new partners and clients.

Apache's House Mountain Gas Conservation Facilities

ATCO Power completed its first temporary generation installation at the House Mountain Gas Conservation Plant near Swan Hills, Alberta for Apache Canada Limited and in cooperation with ATCO Electric (see sidebar, below).

Building upon the success of this important project, ATCO Power signed a 10-year power contract and agreement in September to build, own and operate a new permanent 6 MW distributed generation facility at House Mountain to replace the temporary solution.

Applications to the Alberta Utilities Commission and Alberta Energy Regulator were submitted in December 2015 and January 2016, respectively, with an estimated in-service date of May 2016.

North Montney Power Supply Project

ATCO's Electricity Global Business Unit has provided an integrated package of products and services to Progress Energy for its northeast British Columbia upstream assets. The proposed North Montney Power Supply (NMPS) project will consist of more than 140 km of high voltage transmission and distribution lines and a distributed generation solution

that provides temporary power to early customer sites requiring electricity before the permanent solution is live.

The successful delivery of this project will rely on the Electricity Global Business Unit's expertise in developing cost-effective and reliable infrastructure.

The NMPS project is currently undergoing regulatory review, and environmental surveys are being conducted. Once all regulatory applications are approved, construction will begin in 2016 with full operation expected in 2017.

Future Projects

ATCO Power also entered into public consultation for two additional distributed generation projects – Karr (3 MW) and Simonette (15 MW), both located southeast of Grande Prairie, Alberta.

The Karr facility will utilize highly efficient, natural gas-fired reciprocating engine generators to meet the power demands of an adjacent facility in a remote light industrial area. The Simonette facility will use these same engines and locally produced natural gas to generate electricity that will be delivered to the ATCO Electric distribution grid. These facilities are scheduled to be in-service by the first and third quarters of 2016, respectively.

Northern Operations

In the North, ATCO has delivered safe and reliable electricity service to its customers in the Yukon since 1901, and to customers in the Northwest Territories (NWT) since 1951. Through its operating companies, ATCO Electric Yukon and Northland Utilities, ATCO serves more than 17,000 customers in 19 communities in the Yukon, and 11,000 customers in nine communities in the NWT (see map on pg. 23).

ATCO ELECTRIC YUKON

In the Yukon, ATCO Electric Yukon distributes power and provides emergency response and retail services to customers in most communities across the territory. The company also generates diesel power in the communities of Old Crow, Beaver Creek, Destruction Bay/Burwash Landing, Watson Lake and Swift River.

In addition, the company owns and operates the Fish Lake Hydro Plant on the outskirts of Whitehorse. Built in 1950 and refurbished in 2013, the 1.3 MW Fish Lake Hydro Plant remains a steady contributor of power to the Yukon Interconnected System.

Project Updates

ATCO Electric Yukon is working with the Vuntut Gwitchin First Nation and its partner to explore the feasibility of displacing diesel generation in the community of Old Crow with up to 300 kilowatts (kW) of solar power and battery storage. The project aims to lower the cost and environmental



Bringing Power to Apache's House Mountain Gas Conservation Facilities

In the late spring, ATCO Power completed its first temporary generation installation at Apache Canada Limited's House Mountain Gas Conservation Plant, near Swan Hills, Alberta.

ATCO Power installed four 1.25 MW natural gas-fired reciprocating engines, housed in sea cans, which were transported to the remote site on semi-trailer trucks and connected to the local ATCO Electric distribution system.

This 5 MW onsite generation solution provided an alternate use for sweet sales gas produced at the site, that was previously being flared or trucked away due to a pipeline disruption.

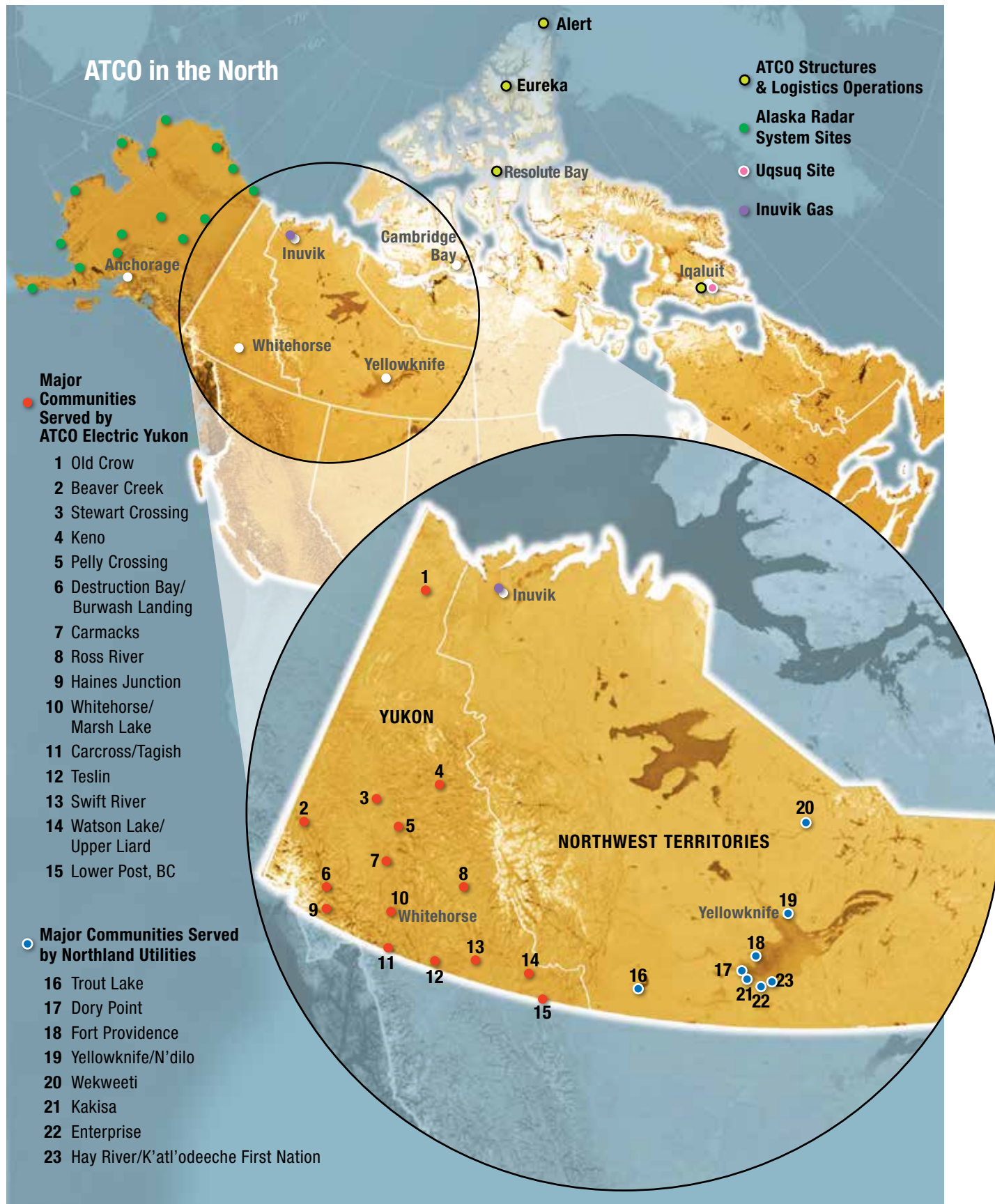
From concept to construction and commissioning, the House Mountain project took only four months to complete, despite the challenging remote location – a testament to the effective collaboration and focused efforts of ATCO Power and

ATCO Electric in providing a value-added customer solution.

The successful execution of the House Mountain temporary project demonstrated the incredible value ATCO Power's distributed generation solution can deliver to customers – timely, flexible and reliable power generation to fit any need or resolve any issue, supported by a high-level of customer service and support.



A section of distribution line outside of Haines Junction, overlooking St. Elias Mountain in the Yukon. ATCO serves more than 17,000 customers in the territory.



impacts of local power production in this 'fly-in only' community, which currently relies solely on diesel-fuelled power generation, and have the Vuntut Gwitchin First Nation invest and manage the proposed renewable solution.

In the community of Burwash Landing, ATCO Electric Yukon, the Kluane First Nation and the Yukon Government are collaborating on a project that aims to displace up to 300 kW of existing diesel power generation with wind generation. The Yukon Government has committed \$1 million to the project. ATCO and the Kluane First Nation are currently working together to study how and when the community uses electricity, and to research changes required to the local electrical system before wind turbines can be installed.

Together with the Town of Watson Lake and the Liard First Nation, ATCO Electric Yukon has funded a pre-feasibility study exploring the possibility of a hydro-generation facility on the Tootsee River. The facility, if constructed, would generate 2.4 MW of hydro power or 65 to 80 per cent of the community's power needs, and displace approximately 70 per cent of the annual diesel fuel used by the Watson Lake power plant.

NORTHLAND UTILITIES

Northland Utilities is a full service electricity company providing retail, distribution, transmission and generation services through its two operating divisions – Northland Utilities (Yellowknife) and Northland Utilities (NWT).

At a signing ceremony held in March 2015 in Yellowknife, Denendeh Investments Incorporated (DII) and ATCO signed a Memorandum of Understanding that will see DII's ownership in Northland Utilities increase from 14 to 50 per cent (see sidebar on pg. 38).

Project Updates

During the summer of 2015, Northland Utilities (NWT) put forward an innovative, customer-focused proposal to negotiate a new franchise agreement with the Town of Hay River, a community where the company is based and has served for more than six decades. The proposal included many environmentally progressive initiatives designed to reduce electricity use, including evaluating residential and commercial solar generation and battery storage options, and developing an electricity conservation program for customers as well as some potential community initiatives.

The current franchise agreement does not expire until November 30, 2016. Northland continues to work with the Town of Hay River to negotiate a new franchise agreement and the NWT Government to find solutions to lower power rates across the territory.

Both Northland divisions have also taken a progressive position on their environmental commitment by working together with many of the communities they serve to replace high pressure sodium streetlights with LEDs, and to reduce reliance on diesel fuel power generation.

In the thermal communities of Fort Providence, Kakisa/Dory Point, Wekweeti and Trout Lake, streetlight conversions were completed in 2015. In Yellowknife, Northland Utilities and the city have partnered on a five-year project to replace more than 1,500 high pressure sodium streetlights with more efficient LED technology. By the end of the project in 2016, the conversion will have the potential to save 975,000 kilowatt hours of electricity annually – enough power to serve 108 homes.

Also in Fort Providence, Northland is working with the community to explore the feasibility of two major projects that would introduce renewable power generation sources in the community.



inCharge Conservation Program

In late 2014, ATCO Electric Yukon and Yukon Energy Corporation launched an electricity conservation program which offers Yukon residents rebates when they purchase LED lighting and mechanical automotive block heater timers. The LED lighting purchase program exceeded expectations, with 2,800 rebates redeemed by customers in year one, exceeding the program target by more than 1,000 rebates.

In the short-term, a combined heat and power biomass facility will warm and light a local business. Excess power generated by the biomass facility would be sold to Northland to help offset the amount of diesel power generation required to provide electricity to the remainder of the community.

In the medium to longer term, Northland is revisiting its business case to construct a 120 km transmission line from Hay River to Fort Providence. The new transmission line would deliver the excess hydro power that currently exists at the Taltson hydro-generating facility in southern NWT and use it to deliver cleaner, renewable power to the approximately 400 customers in Fort Providence, Dory Point and Kakisa.

International Operations

AUSTRALIA

ATCO Power Australia has ownership in and operates two power generation facilities in the country – Osborne, a 180 MW combined-cycle facility in South Australia and Karratha Power Station, a 86 MW power generation facility in the mining-dominated Pilbara region of Western Australia. In 2015, ATCO Power Australia's solid performance achieved commercial availability of approximately 98 per cent.

Project Updates

In July 2015, the Osborne facility began operating under a new Power Purchase Agreement (PPA) with Origin Energy Electricity Limited, the 100 per cent off-taker of power produced. The new tolling agreement provides flexible dispatch of power from the facility.

In 2015, Karratha, the most efficient and environmentally friendly facility in the North West Interconnected System, continued its record of operational excellence under a long-term PPA with Horizon Power. In a separate arrangement, ATCO also provides

operations and maintenance (O&M) services to Horizon Power's nearby TM2500 gas turbine. In November, Horizon Power extended the TM2500 O&M contract for an additional 12-month period.

ATCO Power Australia's joint-venture cogeneration facility with Origin Energy, located in Queensland and servicing the BP Bulwer Island Refinery, ceased operation on June 23, 2015. The station closed as a result of BP's decision to shut down the Bulwer Island Refinery by mid-2015. A negotiated termination agreement with BP resulted in the sale and handover of the facility in June, with no further decommissioning obligations.

MEXICO

In 2015, ATCO Power continued to work with its Mexican partners to further the development of the natural gas-fired cogeneration plant at the Miguel Hidalgo Refinery,

near the town of Tula in the state of Hidalgo, Mexico. The main focus of project activity centred on project requirements and design, obtaining environmental and regulatory approvals and negotiating commercial agreements.

Located in an attractive, high-demand area, this plant is expected to have a generating capacity of 450 MW of electricity, with a provision to expand to 638 MW and produce approximately 1,247 tonnes of steam per hour to support the refinery's processes.

Part of the available electricity produced will be supplied to off-takers and the Mexican National Grid, providing low-emission, highly efficient energy.



ATCO's Karratha Power Station is the most efficient and environmentally friendly facility in Australia's North West Interconnected System.



ATCO's Urban Pipeline Replacement Program replaces and relocates vintage, high pressure natural gas pipelines in Calgary and Edmonton to Transportation/Utility Corridors and adds capacity to meet the growing demands for safe and reliable natural gas service to Alberta's largest centres.



GEORGE LIDGETT
Managing Director,
Pipelines & Liquids

PIPELINES & LIQUIDS

GLOBAL BUSINESS UNIT

As part of ATCO's transformational change, the Pipelines & Liquids Global Business Unit has expanded its focus beyond Alberta's borders to one that is global in nature, pursuing new markets with innovative, vertically integrated products to grow our business both in Alberta and abroad.

Our new organization, which includes ATCO Gas, ATCO Pipelines, ATCO Energy Solutions and ATCO Gas Australia, enables us to leverage the strengths of our component companies in natural gas transmission and distribution, liquids storage and industrial water solutions—all of which position us to offer fully integrated, cost-effective energy and water solutions to make life easier for our customers.

The benefits of vertical integration are already evident through projects such as our Urban Pipeline Replacement Program, which is a proactive solution to modernize both our natural gas transmission and distribution networks in high-density areas of Calgary and Edmonton improving safety for our customers.

As we enter 2016 with a continued depressed economy, our business unit will focus on cost-effectiveness, research and development, and operational excellence to successfully compete in a global market. One of our greatest strengths as we explore new markets is our operational capabilities, where industry benchmarking ranks us in the first quartile in many areas of operational excellence. Going forward, we will continue to distinguish ourselves in supplying safe, reliable services to our existing customers and in new markets.

As we look to expand, we plan to build upon our initial entry to the Mexico market, as well as pursue opportunities in the U.S., Australia and South America. This is coupled with a strong emphasis on increasing our sales and marketing capabilities through sales training programs for everyone in the global business unit.

To support ongoing innovation, we've established a dedicated research and development team which is focused on developing, purchasing and experimenting with leading and green technologies to drive new and creative business opportunities and provide innovative and environmentally friendly solutions for customers.

By bringing imaginative solutions to market, we will be well-positioned in the Pipelines & Liquids Global Business Unit to manage through these challenging economic times while creating important growth opportunities for the future.

George Lidgett

Natural Gas Distribution

ATCO Gas, part of the Pipelines & Liquids Global Business Unit, has been heating homes and warming communities across Alberta for more than a century. Today, ATCO Gas provides safe, reliable and cost-effective natural gas delivery to more than 1.1 million customers in nearly 300 Alberta communities.

As Alberta's largest natural gas distribution company, ATCO Gas builds, owns, operates and maintains more than 40,000 km of natural gas distribution pipelines. ATCO Gas provides 24-hour response to natural gas emergencies in its service territory, responds quickly and efficiently to customer service requests, and adheres to the highest standards to maintain the reliability of its pipeline system.

INVESTING IN CAPITAL INFRASTRUCTURE

In 2015, ATCO Gas delivered strong capital growth, investing \$331 million in capital projects — installing 785 km of pipeline and connecting more than 20,000 primary service lines to its network.

With a continued focus on the safety and reliability of ATCO's growing pipeline network, the company invested more than \$85 million in replacing approximately 40 km of steel and 250 km of plastic natural gas pipelines with polyethylene pipe as part of its steel and plastic mains replacement program.

NATURAL GAS SAFETY

In 2015, ATCO Gas completed underwater inspections of all its existing pipeline crossings in larger rivers to verify and record system integrity. The inspections determine whether these facilities are at risk during high water events and will

allow for the appropriate preventative measures to be put in place. As part of its regular maintenance, ATCO Gas inspects its water crossings yearly.

ATCO Gas carried on its commitment to public safety through various safety initiatives across the province. Through its Damage Prevention Program, aimed at achieving yearly reductions in the frequency of damages to its buried infrastructure, ATCO Gas focused on educating excavators and customers on safe digging practices around natural gas pipelines. In 2015, ATCO Gas provided more than 300,000 gas line locates to support safe digging practices across the province.

The company's Carbon Monoxide Awareness Campaign, in partnership with the Office of the Fire Commissioner and local fire

departments, continued to raise awareness about the dangers of carbon monoxide and how Albertans can prevent and detect it. This campaign has garnered support from the Canadian Gas Association and the Canadian Fire Chiefs Association and is becoming a national initiative among other Canadian gas companies.

In recognition of its Carbon Monoxide Awareness Campaign, ATCO Gas received a National Safety Leadership Award in Public Safety from the Canadian Gas Association and a 2015 Gold Award from the Canadian Public Relations Society for the Canadian Issues/Crisis Management Campaign of the Year.

COMMITTED TO CUSTOMERS

ATCO Gas customers continue to enjoy one of the lowest natural gas delivery

rates in Canada. In 2015, ATCO Gas responded to more than 126,000 customer-initiated service calls and nearly 3,000 natural gas emergency calls. Overall, the company's call centre received almost 180,000 calls, averaging nearly 500 calls per day.

The company continued to enhance relationships with its customers and this year brought its Customer Care and Billing Services back in-house. This enables the company to provide hands-on customer service, with skilled and knowledgeable employees responding to customer calls and concerns.

INNOVATION

ATCO Gas has a strong focus on innovation and research and development as it strives to deliver more competitive, customer-focused solutions throughout its service areas. The company's Innovation and Engineering team is exploring technologies to further improve services for customers, reduce carbon emissions and create operational efficiencies across the company.

Through its continual improvement program, IdeaWorks 2.0, ATCO Gas encourages its employees to share ideas leading to positive change throughout the company.

One example of these ideas is reducing costs and creating efficiencies when it comes to obtaining compressed natural gas (CNG) trailer pressure readings. A remote trailer pressure reading device was developed that attaches to portable CNG trailers. Employees can now text the device to obtain gas pressure readings from the trailer without having to send a team out to do the task manually, saving both time and money.

This device has received approval from the Canadian Standards Association and is being rolled out across the company.

COMBINED HEAT AND POWER TECHNOLOGY

Through its Product Development team, ATCO Gas continued to focus on the marketing and sales of natural gas-fired and alternative technologies,



ATCO Gas damage prevention coordinators give a safety demonstration during a trade show in Calgary.



A Calgary transit bus fuels up with compressed natural gas at ATCO Gas's newly retrofitted, state-of-the-art natural gas vehicle refuelling station in Calgary.

Fuel Efficiency Program

ATCO Gas launched a company-wide fuel efficiency program in 2015, aimed at reducing fuel consumption by five per cent per year. This initiative saw savings on fuel costs, reduced greenhouse gas emissions, fewer vehicle repairs, longer vehicle life and increased safety for company drivers.

At the end of 2015, ATCO Gas exceeded its goal with a total fuel consumption reduction of 6.7 per cent over the year. The program also provided significant environmental benefits. Over the past year, ATCO Gas saved more than 700,000 kg of CO₂, the equivalent of 18,238 seedlings planted and grown for 10 years or 142 vehicles off the road for a year.

With a large fleet of vehicles, company drivers were critical to the program's success. Training on how to reduce fuel consumption through regular vehicle maintenance and fuel efficient driving practices was incorporated into ATCO Gas's regular driver training program. This information was also shared with all employees across the company, giving them the opportunity to implement these practices and benefit from reduced fuel consumption in their personal vehicles.

Throughout the year, fuel usage was tracked monthly by work groups. The groups most successful in reducing fuel consumption were recognized for their efforts in making the program a success.

142 Vehicles off the road*
700,000 kg CO₂ removed

*Reducing fuel consumption by 6.7% saved more than 700,000 kg of CO₂, the equivalent of 18,238 seedlings planted and grown for 10 years or 142 vehicles off the road for a year.

**ATCO ENERGY
EDUCATION MOBILE
ENGAGEMENT**

**200
COMMUNITIES
VISITED**

**73,000
PARTICIPANTS**



In 2015, the ATCO Energy Education Mobile, an interactive classroom on wheels, celebrated five years of educating students and the public about Alberta's energy resources and using energy wisely. Since its launch, the ATCO Energy Education Mobile has visited more than 200 communities and engaged more than 73,000 participants.

including combined heat and power (CHP) technology. CHP can increase energy efficiency and reduce energy costs and greenhouse gas emissions in municipal and commercial facilities. The technology uses natural gas as a primary fuel source to generate both heat and electricity simultaneously.

In 2015, ATCO Gas secured a contract to install CHP technology at the Lakeside Leisure Centre in Brooks. The company currently operates CHP units at the Collicutt Centre recreation facility in Red Deer and the Sierras of Tuscany condo complex in Calgary, as well as at three of ATCO's own facilities. The CHP program is currently partially funded by the Climate Change and Emissions Management Corporation.

NATURAL GAS VEHICLES

With 155 natural gas vehicles (NGV), representing 14 per cent of ATCO Gas's fleet, the company operates the largest NGV fleet in Alberta. Using NGVs provides a 20 to 25 per cent reduction in greenhouse gas emissions and fuel savings for the company. To support the growth of NGVs across the province and to better serve NGV

customers, ATCO Gas opened a new public NGV refuelling station in Grande Prairie and updated one of its NGV refuelling stations in Calgary with all new, state-of-the-art equipment, allowing for faster fill-up times. ATCO Gas currently operates 12 public NGV refuelling stations across the province.

GROWTH

Despite Alberta's slowing economy in 2015, ATCO Gas continued to grow its customer base, adding more than 24,000 customers, a two per cent increase in customer base.

The company also received approval from the Alberta Utilities Commission on a new gas franchise template agreement it successfully negotiated with the Alberta Urban Municipalities Association. This new template agreement enables ATCO Gas to efficiently renew distribution service rights in communities using a standardized contract. In 2015, ATCO Gas renewed 25 franchise agreements with communities across Alberta, of which 24 were renewed using the new template.



In December 2015, ATCO Pipelines opened its new 19,000 sq. ft. South Operations Centre in Airdrie. It features 12,000 sq. ft. of office space, room for material and equipment storage, and two drive-through vehicle bays and a storage bay.



**Urban Pipeline
Replacement Program**

In 2015, a major focus of the Pipelines & Liquids Global Business Unit was the continuation of the Urban Pipeline Replacement (UPR) Program, which was approved by the Alberta Utilities Commission (AUC) in early 2014.

The multi-year UPR Program is a proactive solution to improve public safety, modernize the natural gas network and add the capacity needed to meet growing demand for natural gas in Alberta's two largest centres – Calgary and Edmonton.

The program will see existing vintage high pressure pipelines in these centres either removed from service or recommissioned as low pressure natural gas distribution lines, which will be operated and maintained by ATCO Gas. In addition, new, modern high pressure transmission pipelines will be installed by ATCO Pipelines primarily within the Transportation/Utility Corridors surrounding both cities. ATCO Gas will also construct several new low pressure lines and gate stations to connect its system to ATCO Pipelines' new infrastructure.

Detailed environmental protection plans were developed and horizontal directional drilling is used to minimize impacts to roadways and environmentally sensitive areas.

All of these projects involved extensive public engagement to ensure homeowners and businesses near the pipeline routes were aware of the projects, the facility approval process and ATCO's approach to constructing pipelines.

PROJECT UPDATES

In 2015, ATCO received AUC facilities permits and began construction on the first three segments of the UPR Program in Calgary:

- 1.** Northeast Calgary Connector (NECC) – 16.7 km, 24" pipeline from 16th Avenue N.E. to 52nd Street N.E.
- 2.** East Calgary Connector (ECC) – 8.7 km, 30" pipeline from 16th Avenue N.E. to Peigan Trail S.E.
- 3.** Southeast Calgary Connector (SECC) – 13.4 km, 24" pipeline from Peigan Trail S.E. to Highway 22X S.E.

By the end of the year, construction was finished on NECC and nearing completion on the ECC and SECC projects. ATCO Gas also completed several distribution installations to connect to the ATCO Pipelines system, most notably a new gate station and distribution mains adjacent to the communities of Chaparral and Sundance in Calgary.

Public consultation activities were carried out for the Southwest Edmonton Connector, the West Calgary Connector, and two lateral high pressure pipeline projects in northeast Calgary in 2015. In addition, a public information session was held for a new low pressure natural gas pipeline project in Calgary's Fish Creek Park. Construction is planned to begin on all of these projects in 2016. The program in its entirety is expected to be completed in 2018.



Through the UPR Program, ATCO Pipelines is building new, high pressure pipelines in Transportation/Utility Corridors in Calgary and Edmonton.

Natural Gas Transmission

ATCO Pipelines plays an integral role in delivering natural gas in the Alberta marketplace serving producers, as well as distribution companies and major industrial customers.

With peak delivery of 3.8 billion cubic feet per day, ATCO Pipelines owns and operates approximately 8,500 km of transmission pipeline serving customers through almost 4,000 receipt and delivery points.

ALBERTA SYSTEM INTEGRATION

The Alberta System Integration involves ATCO Pipelines and Nova Gas Transmission Limited (NGTL) combining physical assets under a single rates and services structure, as well as a single commercial customer interface, as approved by the Alberta Utilities Commission and National Energy Board.

The exchange of assets is the final stage required to complete the integration. The exchange of pipelines and facilities within defined geographic areas will help streamline operations and will be completed in four phases in 2016.

PIPELINE INTEGRITY

ATCO Pipelines has a comprehensive, multi-faceted pipeline integrity program that includes regular pipeline integrity inspections, leak detection surveys and proactive maintenance.

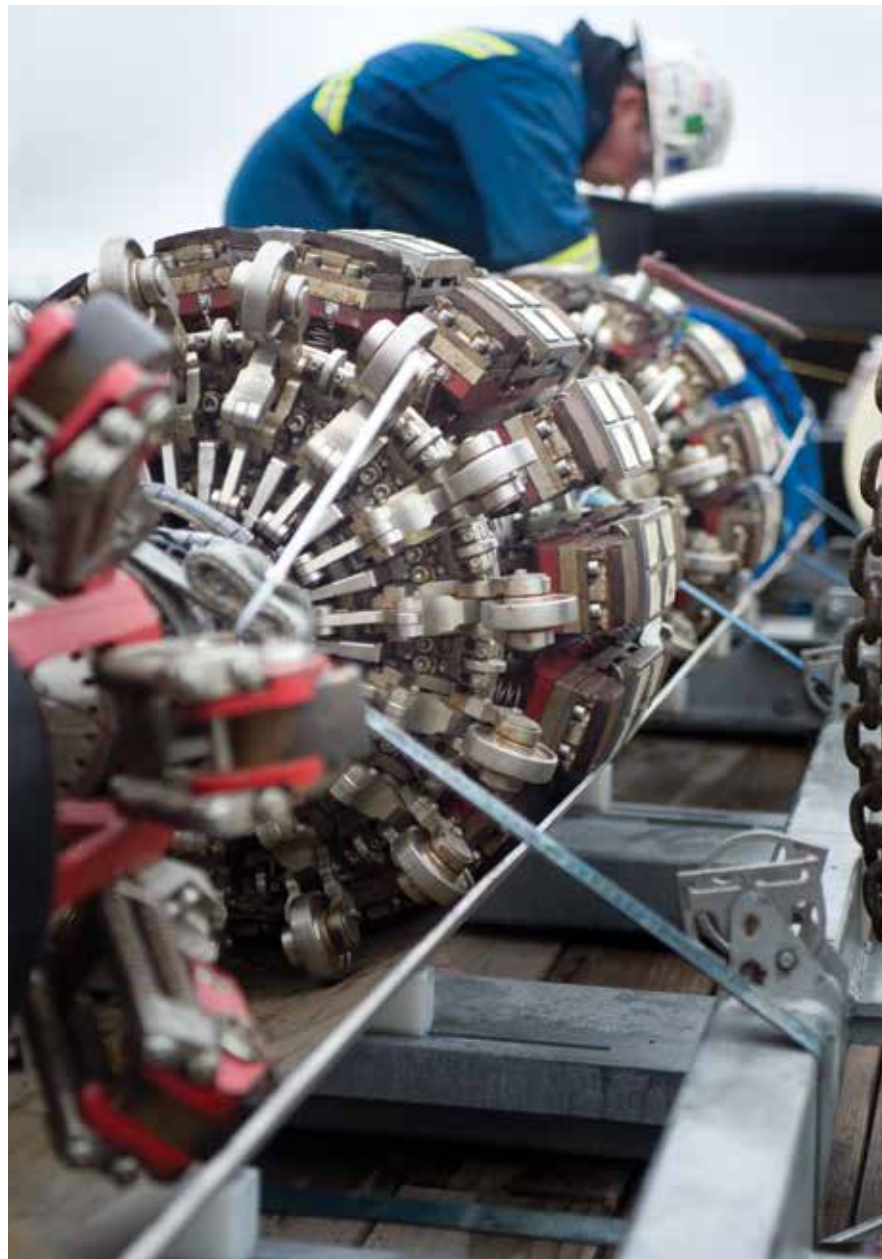
In 2015, Smart Pigs, or In-Line Inspection Tools (ILI), were again used to inspect approximately 500 km of pipe ranging in size from 219 mm to 762 mm (8" to 30"), including a major loop in Jasper National Park.

The ILI tools provide data on the condition of a pipeline which helps to gauge its health and integrity. These

technologically advanced devices are equipped with highly tuned sensors that can gauge the thickness of the pipes they are travelling through, and detect cracks, fissures, erosion and other problems that may affect the integrity of the pipeline.

Additional integrity management activities include:

- Specialized annual surveys conducted to monitor the condition of all pipeline watercourse crossings and pipeline right-of-way conditions;
- Geological surveys and frost stability monitoring;
- Cathodic protection surveys and monitoring conducted throughout the pipeline systems to ensure that cathodic protection systems are



This brand new, state-of-the-art Electro-Magnetic Acoustic Transducer in-line inspection tool was used to conduct testing on a 95 km segment of 24" pipeline from Rimbey to Edmonton, Alberta.

operating and protecting the pipelines as intended;

- External coating direct assessments on specific pipelines to assess coating conditions, anomalies and cathodic protection system performance; and
- Pipeline dig programs as a follow-up if surveys suggest there may be issues.

SAFETY

In September, ATCO Pipelines marked 13 years without a lost-time incident, a milestone achieved by continuously focusing on building and maintaining safe work practices, both in the field and in the office.

ATCO Pipelines' strong safety culture permeates throughout the organization. The company's safety program – Target Zero – aims to keep all employees injury, incident and collision-free by reminding each individual of the importance of personal safety.

Comprehensive training programs are in place to ensure everyone at ATCO Pipelines, including contractors, have the knowledge and resources to work safely and achieve Target Zero. Only those who share these safety values are selected to work on ATCO Pipelines projects.

Hydrocarbon Storage and Industrial Water

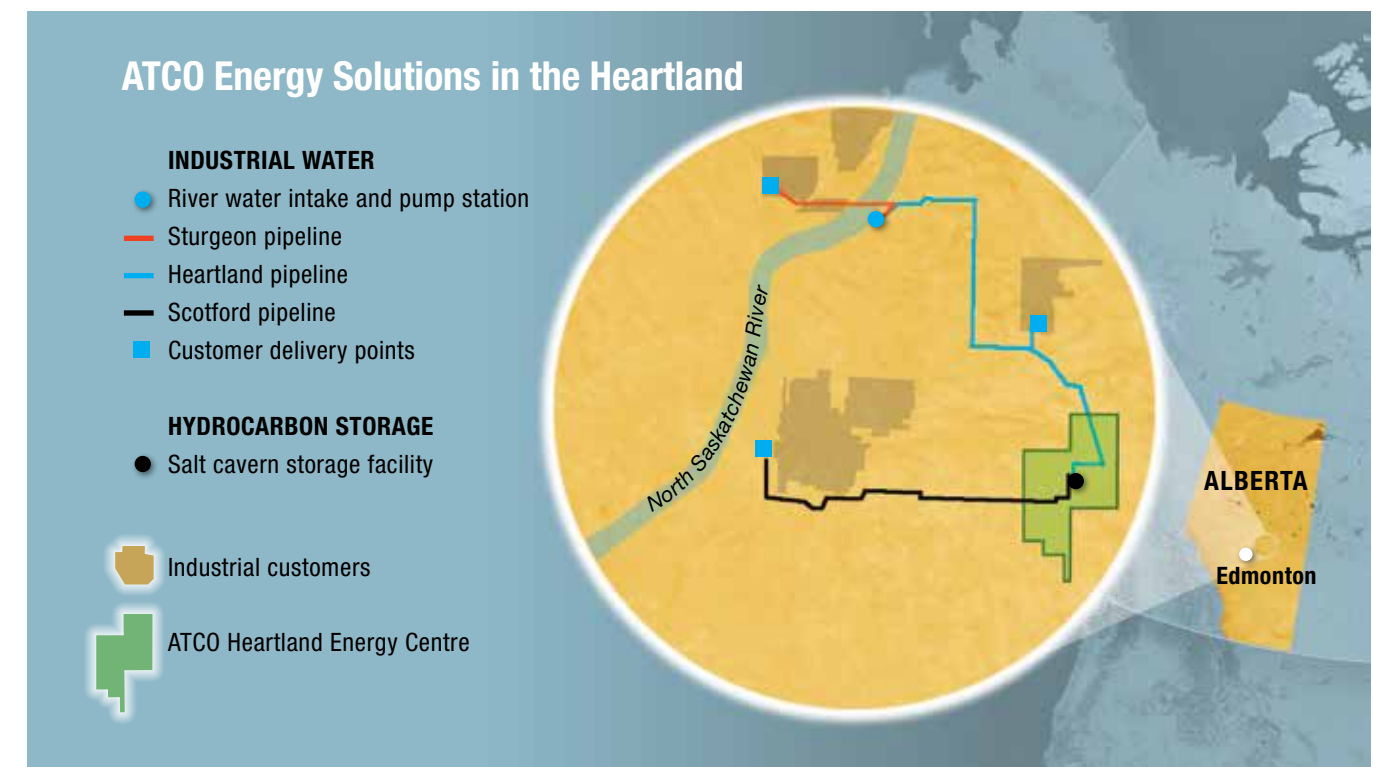
ATCO Energy Solutions' role in the Pipelines & Liquids Global Business Unit is to build, own and operate natural gas, natural gas liquids (NGL) and industrial water-related infrastructure to serve the midstream sector of Western Canada's energy industry. The company offers tailored solutions for product storage, processing and transportation that provide customers with exceptional business value.

Through the company's service base, the ATCO Heartland Energy Centre located in Alberta's Industrial Heartland, ATCO Energy Solutions is developing

a full suite of infrastructure options for the NGL processing, petroleum refining and petrochemical markets, including industrial water transportation and pre-treatment, salt cavern storage, as well as future transportation, processing and terminalling services.

The ATCO Heartland Industrial Water System, a multi-user water system connected to the North Saskatchewan River, facilitates the provision of reliable integrated water and related services including pipeline transportation, water treatment, recycling and disposal, to industrial customers.

Although traditionally ATCO Energy Solutions has been a company focused primarily on midstream service offerings, such as natural gas gathering, processing and storage, as well as natural gas liquids extraction, 2015 saw a shift in focus to reflect ATCO's overall strategy of divesting non-core assets and redeploying capital to new areas of strength and growth, specifically hydrocarbon storage and industrial water solutions.



HYDROCARBON STORAGE

In 2015, ATCO Energy Solutions continued to advance its development of NGL storage capacity through its salt cavern storage project at the ATCO Heartland Energy Centre located in Alberta's Industrial Heartland.

The initial salt cavern facility will consist of four salt caverns with the capacity to store 400,000 cubic metres of propane, butane and ethylene and will be connected to partner Petrogas Energy Corporation's Fort Saskatchewan hydrocarbon truck and rail terminal that currently receives and distributes multiple products in the marketplace.

Throughout the year, the development of the initial facility reached several milestones, including the completion of initial drilling of all four caverns, the start of mining at the first two caverns, and the start of construction on the

brine pond, pump station and product handling facility.

In 2015, ATCO secured long-term agreements for all four of its initial salt caverns. In response, the company announced it had acquired an additional 160 acres of land and 400 acres of salt mineral rights, providing ATCO with the potential to develop an additional 40 salt caverns based on market demand.

Outside of Alberta's Industrial Heartland region, the company also owns a commercial natural gas storage facility, which it has more than 45 years of experience operating. Located near Carbon, Alberta, the facility features 23 storage wells with a working gas capacity of 52 petajoules and is strategically connected to multiple transmission pipelines in the area.

In 2015, ATCO Energy Solutions invested in upgrading and optimizing the facility through the installation of a new central dehydration facility and replacement of the facility control system. This resulted in a 13 per cent increase of working gas capacity. The company remains focused on increasing long-term contracts, product offerings, as well as diversifying its customer base.

INDUSTRIAL WATER

With more than three decades of owning and operating water infrastructure in Alberta's Industrial Heartland, ATCO Energy Solutions continues to focus on delivering innovative and sustainable industrial water solutions in Canada's largest hydrocarbon processing region.

In 2015, the company completed several projects, representing an investment of approximately \$50 million, to expand and improve its multi-user water system. By continuing to invest and develop a common system shared by multiple customers, ATCO is able to ensure customers receive the water they need for their industrial processes, while also producing a number of environmental benefits such as minimizing disruption to the river valley, and creating opportunities to recycle and reuse water within the system.

Highlights of the company's investments include a new pump station facility with an expanded water intake on the North Saskatchewan River. The new pump station is a key piece of strategic infrastructure that not only allows ATCO to provide customers with a reliable source of water, but also supplies water to the ATCO Heartland Energy Centre nearby where it is used to help build the company's salt cavern storage facilities.

The expanded intake connected to the new pump station is a sustainable solution that reduces the need for additional intakes along the river and protects fish by preventing them from entering the water system.

This year ATCO Energy Solutions entered into a long-term commercial agreement with Air Products Canada Ltd. to provide water pre-treatment, in addition to previously commercialized water transportation services for the company's hydrogen facility near Fort Saskatchewan.

Customers receiving pre-treated water benefit from substantially improved industrial water quality, in addition to freeing up land at their operations previously dedicated to water treatment. With the addition of this service, ATCO Energy Solutions continues to grow the company's suite of water and wastewater services provided to industrial customers throughout Alberta's Industrial Heartland.

International Operations

AUSTRALIA

ATCO Gas Australia owns and operates the largest regulated gas distribution network in Western Australia. It also operates two separate non-regulated gas distribution networks, one serving the mining centre of Kalgoorlie and the second, a liquefied petroleum gas distribution network serving Albany, the largest centre in the great southern region of the state.

Growth

Increases in new subdivision expansions and the construction of residential homes resulted in ATCO Gas Australia's strongest performance since acquiring the gas distribution network in 2011. In 2015, the company connected nearly 26,000 customers to its gas service.



ATCO Energy Solutions' new industrial water pump station, strategically located on the North Saskatchewan river in Alberta's Industrial Heartland.



Nick Smith and Aden Bourke, Gas Distribution Officers, commissioning a new gas main pipeline to Kings Square in the Perth city centre, part of one of Australia's most significant urban renewal developments.



Reducing Costs for Customers with Gas-Powered Air Conditioning

ATCO Gas Australia is helping commercial and light industrial customers dramatically reduce their electricity costs through the use of Gas-Powered Air Conditioning (GPAC). GPAC is a proven technology that, when coupled with the reliability of ATCO's gas network, provides a practical alternative to electric air conditioning units. Through solutions provided by ATCO Gas Australia, customers have reduced operating costs by up to 40 per cent.

The company installed four, 85 kW reverse cycle units at its Jandakot Operations Centre to efficiently cool and heat the facility and now offers educational seminars at the centre to showcase the technology and its benefits. ATCO's Business Development team is also working closely with leading Heating Ventilation and Air Conditioning consultants to inform this influential group about the technology and its many benefits. Additionally, ATCO

Gas Australia is offering customers a special rebate for the installation of multiple units to reduce the up-front cost and better compete with electric air conditioning options.

In August 2015, ATCO Gas Australia issued its first GPAC rebate to Morris Fresh IGA, an independent grocery store in the northern suburbs of Perth. The supermarket suffered from electrical grid capacity constraints, a significant issue across the Perth metropolitan area.

Store owners identified GPAC as their preferred option to meet their heating and cooling needs, given the availability of safe, reliable and cost-effective natural gas supply from ATCO Gas Australia's network, as well as environmental advantages and reduced operational costs of the GPAC system. With growing understanding and recognition of the benefits of GPAC, it's a solution ATCO Gas Australia looks forward to assisting more customers install in the future.



Nathan Lude, Manager, Business Development (left), presenting Sanjay Malde with a rebate for the GPAC units recently installed at IGA Morris Fresh, which has reduced its heating and cooling costs by 40 per cent.

The Town of Mandurah and its surrounding area continues to be one of the highest growth areas in Australia. During the past decade, ATCO Gas Australia has seen its customer base in this area increase by approximately 70 per cent to more than 87,000 customers. To service the growing needs of the region, in 2015 a new operations base was purchased to meet future expansion requirements.

Investing In Capital Infrastructure

2015 saw the company complete an unprecedented gas mains upgrade program to improve more than 37 km of mains and 2,500 domestic and commercial connections. These upgrades removed cast iron, unprotected metallic mains, odd-sized steel and aging polyvinyl chloride pipe (PVC) from the gas distribution system, to improve network integrity and reinforce the security of supply.

The PVC replacement program is another first for the network, providing critical learnings for the development of maintenance and replacement plans going forward. The mains upgrade program has opened areas of the network to increased operating pressure, thereby providing additional capacity for new domestic and commercial customers.

To support ATCO Gas Australia's capital infrastructure growth, the company launched targeted marketing designed to educate and incentivize the commercial and industrial sector. The program focuses on natural gas technologies, including Gas-Powered Air Conditioning (GPAC), as well as embedded cogeneration and trigeneration with incentives to reduce the upfront capital costs and drive demand for this new technology (see sidebar, left).

Environment

In 2015, ATCO Gas Australia implemented an education program to reduce engine run-times on operational vehicles and operate secondary equipment electrically, which has resulted in reduced carbon emissions from operations. Work has also begun to modify compatible vehicles within the ATCO Gas Australia fleet to allow Compressed Natural Gas dual fuel capabilities, with refuelling onsite at the Jandakot Operations Centre which will lead to further emissions reductions.

ATCO Gas Australia also provided its expertise to the City of Fremantle, Western Australia's first carbon neutral Council. A review by the Council of its leisure centre pool heating system identified it as a significant source of emissions. An energy audit was conducted, resulting in a new mix of technologies, including a 75 kW natural gas cogeneration unit and natural

gas boiler for peak loads, installed to reduce operating costs and carbon footprint.

MEXICO

Ramal Tula Gas Pipeline

In 2015, ATCO continued to position itself for new opportunities in the Mexican market while gaining valuable learnings from its experiences during the construction of the Ramal Tula Gas Pipeline project. ATCO's first project in the country, awarded by the Comisión Federal de Electricidad (CFE), is part of Mexico's undertaking to develop new pipeline infrastructure to enable the country to move towards a self-sustaining, cleaner energy future. When complete, the 16 km pipeline will transport natural gas to the CFE's Francisco Pérez Ríos thermoelectric power plant, enabling the production of cleaner energy at considerably reduced costs.

Prior to beginning construction of the project, the company undertook a thorough environmental study in the communities along the pipeline route. Construction is now well underway and has involved significant work in negotiating with communities and collaborating with project partners ICA Fluor, Arendal and the CFE.

Community Involvement

In the communities where ATCO is building the pipeline, a Social Action Plan has been implemented to create positive long-term relationships. Multiple community outreach meetings have been held to discuss the pipeline project and answer questions. ATCO also believes in investing in communities where it has the privilege to operate, and has invested in repairing roads and schools and in completing community centre upgrades that will benefit current residents and future generations.



Construction on ATCO's Ramal Tula Gas Pipeline is well underway. The pipeline will transport natural gas to the Comisión Federal de Electricidad's Francisco Pérez Ríos thermoelectric power plant.

Indigenous Partnerships



Ceremonial drummers open an event in Yellowknife, NWT, to celebrate the signing of a Memorandum of Understanding that will see Denendeh Investments Incorporated become equal owners with ATCO in Northland Utilities.

Building and sustaining positive relationships with Indigenous communities is core to how ATCO does business. The company has long adopted an approach that involves trust, respect and understanding with the overarching goal of developing lasting partnerships that contribute to sustainable economic and social development in the communities it serves.

ATCO has more than 40 joint-venture partnerships, services agreements and other relationships with Indigenous communities, many of which have been in place for decades (see map on pg. 39).

NEW BUSINESS INITIATIVES

March 18, 2015 was an important day in the history of one of ATCO's longest standing partnerships. Denendeh Investments Incorporated (DII), representing more than 75 per cent of the Indigenous population in the Northwest Territories (NWT), signed a Memorandum of Understanding that

will see DII's ownership in Northland Utilities increase from 14 to 50 per cent (see sidebar on pg. 38).

Also in 2015, ATCO's partnership with the Nunatsiavut Inuit of Labrador under Torngait Services Inc. was awarded a new contract by Valard Construction to provide catering, operations and maintenance services for five workforce lodges in Newfoundland and Labrador.

Other recent partnerships include ATCO Energy Solutions' agreement with the Simpcw First Nation in British Columbia to pursue opportunities in the energy infrastructure development sector; ATCO Power's joint-venture agreement with the Sahtu Dene Council to develop renewable energy projects in the NWT; and ATCO Structures & Logistics' recent joint-venture partnerships with Alexander First Nation in Alberta and the Naha Dehe (Nahanni Butte Dene Band) in the NWT.

EMPLOYMENT AND TRAINING PROGRAMS

ATCO makes a priority of supporting initiatives that provide education and experience to help youth enter the workplace. ATCO's joint-venture partnerships often include work placement opportunities and on-the-job training. For example, in 2015 ATCO Sustainable Communities supported the Blood Tribe in re-opening its housing manufacturing plant, providing youth with on-the-job training and support. ATCO also provides workforce training through its partnerships with the Woodland Cree and the Haisla First Nations in British Columbia.

In 2015, ATCO Electric introduced the Youth Engagement Mentorship Pilot Program, a one-year agreement with Siksika First Nation which integrated qualified youth into ATCO's in-house construction crew. Following the training and mentorship program, two very strong candidates became permanent ATCO Electric employees.

Supporting Indigenous youth in the pursuit of post-secondary education is a priority for ATCO. The company recognizes students from Indigenous communities who demonstrate leadership capabilities through several scholarship programs, offering financial assistance to Indigenous students who demonstrate exceptional leadership qualities, a commitment to education and community involvement. ATCO also provides two annual scholarships for Treaty Seven First Nations students at the University of Lethbridge and five annual scholarships at Aurora College in the NWT.

ATCO companies also support unique cadet programs in several Alberta communities to offer education, mentorship and skills training to Indigenous youth. Through sponsorships of the Bold Eagle Cadet Program – a unique partnership between the Aboriginal Veterans Society of Alberta and the Canadian



Nancy Southern, ATCO's Chair, President & Chief Executive Officer, with Darrell Beaulieu, CEO, Denendeh Investments Incorporated, at a signing ceremony in Yellowknife, NWT.

Near 30-Year Partnership Takes Logical Next Step

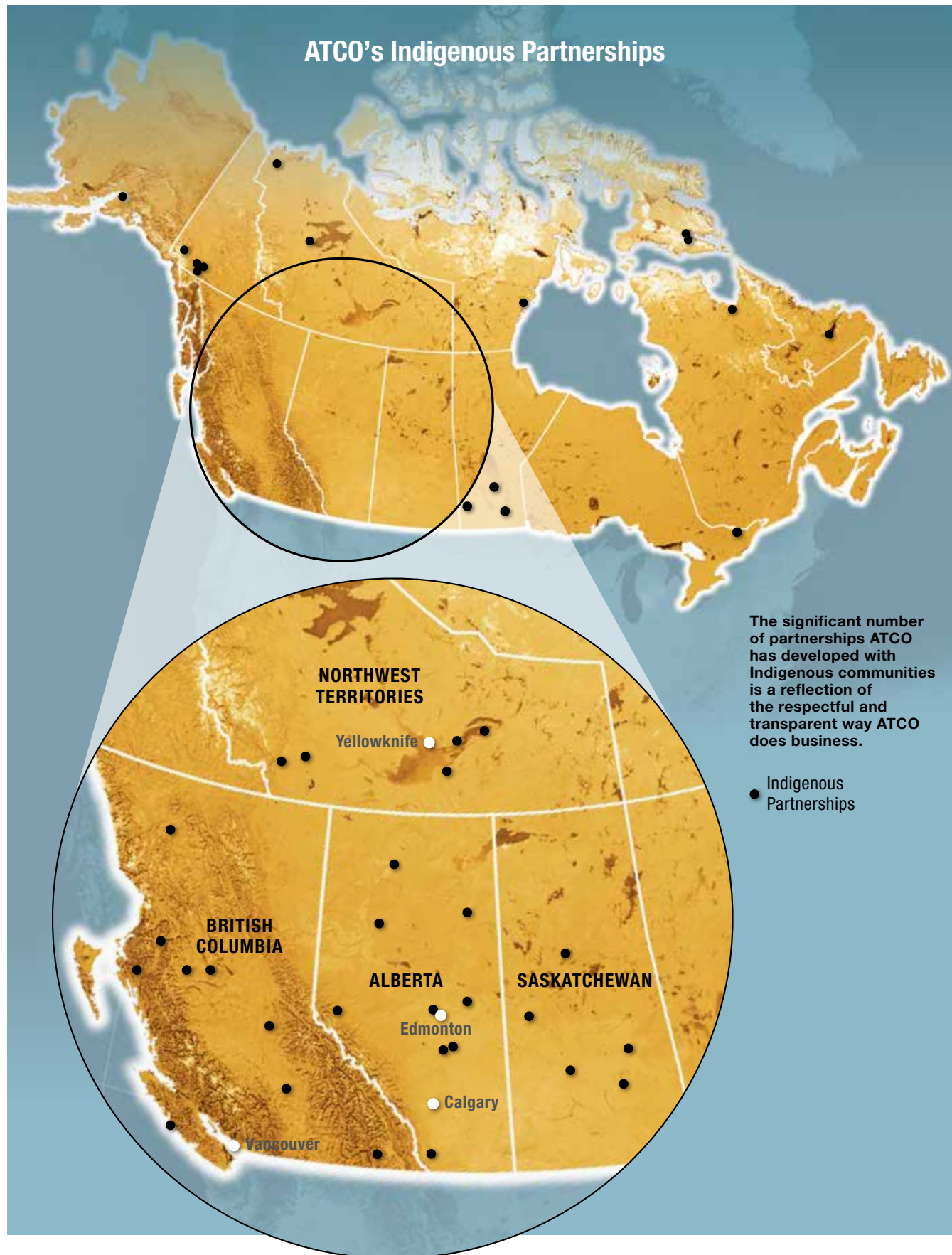
On March 18, 2015 ATCO and Denendeh Investments Incorporated (DII) signed a historic Memorandum of Understanding (MOU) that will see DII's ownership stake in Northland Utilities increase from 14 to 50 per cent. This action represents the logical next step in a mutually beneficial business partnership that has grown since 1987.

DII is a First Nations-owned company that was created to invest in programs and business ventures to help build sustainable communities for its people. More than 75 per cent of the Indigenous population in the NWT is represented by DII.

The landmark MOU represents the true partnership that exists – one of mutual respect and trust, and of creating value through enterprise.

Northland Utilities is a full-service electrical company that provides retail, distribution, transmission and generation services to more than 11,000 customers in nine NWT communities. Approximately 25 per cent of Northland Utilities employees are Indigenous. The company has a number of programs in place to build capacity with Indigenous people, such as job shadowing and apprenticeship training.

ATCO's near 30-year relationship with DII is the longest enduring Indigenous partnership in ATCO's history. ATCO has since developed more than 40 partnerships with Indigenous communities across Canada.



Armed Forces – ATCO helps provide summer employment opportunities that combine Indigenous cultural teaching with military training. The company's continued support of the Siksika Nation Community Cadet Corps and the Eden Valley Community Cadet Corps provides at-risk youth with opportunities to engage community leaders and receive mentorship during a critical time in their lives by teaching new skills and showing the importance of community service.

COMMUNITY INVOLVEMENT

ATCO is committed to investing in programs designed to promote youth leadership in Indigenous communities. In 2015, ATCO began new partnerships, while continuing to support valuable programs across Alberta.

Ski Fit North Alberta

Ski Fit North Alberta, led by two-time Olympic medallist Beckie Scott, promotes healthy, active living to Indigenous youth across Alberta through cross-country skiing. The program travels to many Indigenous and remote communities in Alberta that ATCO has the privilege to serve. ATCO is the title sponsor of the program and has engaged the ATCO Blue Flame Kitchen to help educate participants on the importance of healthy nutrition.

Ski Fit North complements ATCO's longstanding sponsorship of athletic events including the Circumpolar Northern Games, the North American Indigenous Games and the Arctic Winter Games. ATCO has also sponsored the Alberta Winter and Summer Games since 1988.

Alberta Future Leaders Program

The Alberta Future Leaders (AFL) program also uses sport and recreation, arts and leadership activities to support at-risk youth in becoming community leaders and positive role models. In 2015, ATCO announced a three-year sponsorship of AFL with the Sucker Creek First Nation, where it's hoped that graduates of the program will learn the skills required to lead and continue these programs.

ATCO has supported AFL for 16 years, sponsoring Edmonton's Boyle Street Community Services program, aimed at providing positive options and leadership training to Edmonton's inner-city Indigenous youth. The company has also previously sponsored partnerships in East Prairie Métis Settlement, and the Aseniwuche Winewak Nation.

Indspire Soaring Career Conference

In February 2015, ATCO sponsored Indspire Soaring, a career conference for Indigenous youth held in Calgary that attracted more than 700 students. Indspire celebrates the accomplishments of high achievers and introduces them to a wide array of career options. ATCO employees hosted five workshops at the conference, outlining possible career paths with the company and highlighting ATCO scholarships available to Indigenous students.

Aboriginal Awareness Initiatives

ATCO is committed to celebrating the rich cultural legacy and history of Indigenous peoples in Canada and Australia. Each year, ATCO supports and participates in Canada's National Aboriginal Awareness Day celebrations, and Australia's National Aboriginal and Islander Week. For the second straight year, in 2015 ATCO was pleased to sponsor Australia's National Aboriginal and Islander Day Observance Committee (NAIDOC) events in the City of Kwinana and region. The week-long events promote the history, culture and achievements of Aboriginal and Torres Strait Islander peoples.



Two-time Olympic medallist Beckie Scott (right) teaches students from Tsuu T'ina Nation High School the benefits of active living and healthy nutrition in the Ski Fit North Alberta program. In 2015, ATCO began sponsoring the program which engages Indigenous youth across the province in the sport of cross-country skiing.

ATCO in the Community



ATCO employees deliver safety messaging to elementary school aged children during an Ag for Life Farm Safety Day in Rimbey, Alberta.

ATCO and its people are committed to creating healthy, vibrant communities by developing meaningful partnerships and providing time, expertise and financial support to the organizations that help communities thrive.

ATCO EPIC

Launched in 2006 as a way of unifying all ATCO companies' fundraising efforts and magnifying its positive impact, the ATCO EPIC (Employees Participating in Communities) program has raised more than more than \$31 million for charitable organizations across Canada.

Each year, ATCO's signature, employee-led program combines fundraising events, 'Days of Caring' volunteer activities, auctions, friendly team competitions and pledges that raise funds to support charitable organizations across the country. Employees can donate to the charities of their choice and ATCO matches donations to all human health and wellness organizations to double the support the charity receives.

2015 Campaign Highlights

While many charitable organizations have seen donations decrease as a result of the economic downturn, ATCO employees' community spirit is alive and well. Over the course of the 2015 campaign, ATCO employees pledged to more than 500 charities near and dear to their hearts.

During the 14-week campaign, ATCO employees enthusiastically participated in approximately 150 fundraising and volunteering events across Alberta, the Yukon, the Northwest Territories, and Australia, raising more than \$3.6 million for charities around the world.

JUNIOR ACHIEVEMENT

The Junior Achievement (JA) program is designed to provide high school students with practical business experience under the hands-on guidance of volunteers from the local business community. The program seeks to inspire and educate young Albertans to succeed in the global economy by providing them with opportunities to experience free

enterprise, understand business and economics, and develop entrepreneurial, financial literacy and leadership skills.

Fifty-six years ago, ATCO Founder R.D. Southern, along with his father S.D. Southern, and fellow entrepreneurs David E. Mitchell and J.R. McCaig, united to bring this program to Alberta. The group formed JA Southern Alberta's first board, and under their leadership, became a model for the program across the country.

Today, ATCO remains committed to the JA program, and its belief in the boundless potential of young Canadians. Every year, ATCO sponsors the "Economics for Success Program" and the "Company Program" in both Calgary and Edmonton, which teach thousands of students from Grades 9 to 12 about the role of business in society.

The "Company Program" offers students a unique learning experience to better understand the risks and rewards of starting a business, and how to build positive relationships with the community. By the end, students have the real-world skills and experience needed to achieve their dreams of becoming entrepreneurs. "Economics for Success" teaches students the benefits of staying in school, as well as learning budgeting skills and what potential jobs are available to them.

AG FOR LIFE PARTNERSHIP

In 2011, ATCO became a Founding Member of Ag for Life, a not-for-profit organization dedicated to building a greater understanding and appreciation of agriculture and farm safety by offering hands-on educational programs to youth and adults across Alberta.

ATCO remains highly engaged in Ag for Life's Farm Safety Days, focused on bringing much-needed safety education to young Albertans who live on, work at, or visit farms. This educational program is an effective way to reach young Albertans and to extend ATCO's important safety messaging from ATCO Electric's "Where's the Line?" and ATCO Gas's "Click Before You Dig" safety programs targeted at agricultural customers operating large equipment or digging in areas in which it operates.

Through a continued commitment to educating customers and communities about the importance of safety, and effective partnerships like Ag for Life, ATCO hopes to reduce injuries and eliminate fatalities on farms across Alberta.



ATCO Blue Flame Kitchen Schools Program in Australia

ATCO Gas Australia brings the professional instruction and quality programming of the ATCO Blue Flame Kitchen to children in Australia through its engaging and interactive schools program designed for students aged 10 to 12. The program teaches students about the journey of natural gas in Western Australia, how to use gas safely around the home, how to use gas appliances in the kitchen to cook nutritious meals and what actions to take if they smell gas.

Away from the traditional classroom environment, students participate in hands-on activities and receive experience with natural gas appliances in the company's new kitchen facility. Students also have the opportunity to learn about healthy eating while spending time in the alfresco edible garden. This well-maintained seasonal kitchen garden enables school groups to harvest fresh herbs, vegetables and fruit to use in their cooking classes and aligns with ATCO's philosophy of resourcefulness and sustainability.

In Alberta, ATCO Blue Flame Kitchen continues to offer educational programs and a diverse range of cooking classes for all ages and in 2015, saw more than 9,700 customers participate.

Financial Excellence 2015



Brian R. Bale
Senior Vice President & Chief Financial Officer

ATCO has achieved significant growth over the past decade, driven by a buoyant natural resource sector in both North America and Australia. However, since late 2014, the world has been faced with declining mineral and oil prices in addition to a continuing low natural gas price environment in Western Canada. The challenges that are impacting many of our customers also had an impact on ATCO in 2015. ATCO's earnings attributable to Class I and Class II shares were lower in 2015 compared to 2014.

In late 2015, ATCO undertook a transformational change that shifted our global business strategy to address these challenges. The Company has restructured into three Global Business Units - Structures & Logistics, Electricity and Pipelines & Liquids - that are vertically integrated and better able to efficiently and effectively respond to our customers' needs. However, this transformative restructuring came with some costs. The net impact was a reduction of \$139 million to

earnings attributable to Class I and Class II Shares in 2015, largely due to staff reductions and the associated severance costs and impairments of certain underperforming assets across our organization. Earnings in 2015 also included \$28 million of gains on the sales of some operations and the positive revaluation of a joint-venture investment. The cash proceeds from these sales were redeployed to finance the Company's growth initiatives.

The long-term success of ATCO is dependent upon our ability to grow the business by expanding into new markets and into new business lines. To achieve this, we are expanding our sales and customer focus in all our activities. At the same time, we are pursuing cost-savings and efficiencies in every part of our organization to ensure that we deliver the most competitive solutions to our customers. But I want to make it clear that while we have restructured our business to become more customer-focused, our financial tenets remain the same: we are focused on making prudent decisions, maintaining our strong financial position and creating long-term investor value.

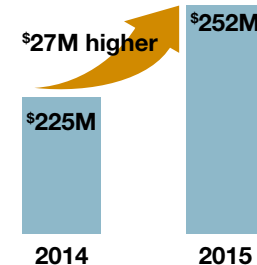
ATCO's adjusted earnings, which exclude the one-time gains from the sales of operations, impairment charges and the other items that were not in the normal course of business were \$293 million in 2015, compared to \$374 million in 2014. Lower adjusted earnings in 2015 were in part due to lower business activity in the Structures & Logistics business unit related to weakened capital spending in various natural resource sectors in North America and Australia. These decreases were partially offset by additional work at the Wheatstone Project in Western Australia, the commencement of work at the Site

C Clean Energy Project in northeast British Columbia and by business-wide cost-reduction initiatives.

Decreased adjusted earnings in 2015 were also due to lower Alberta Power Pool prices and the adverse earnings impact of several regulatory decisions received from the Alberta Utilities Commission and the Australian Economic Regulation Authority in 2015.

In March 2015, the Alberta Utilities Commission released decisions on the Generic Cost of Capital and Performance Based Regulation Capital Tracker proceedings that covered the period from the beginning of 2013 to the end of 2015. In July 2015, ATCO Gas Australia received the Access Arrangement decision, covering the period from July 2014 to December 2019. The 2013 to 2015 earnings impact that resulted from these decisions was recorded in 2015. If the prior period impact of these retroactive decisions had been recorded in 2013 and 2014, adjusted earnings in 2015 would have been \$27 million higher than the same period last year due to the ongoing investment to meet the needs of Alberta's and Australia's utility customers. When these retroactive decisions are recorded in their correct year, the regulated utility 2015 normalized adjusted earnings are \$252 million compared to \$225 million in 2014.

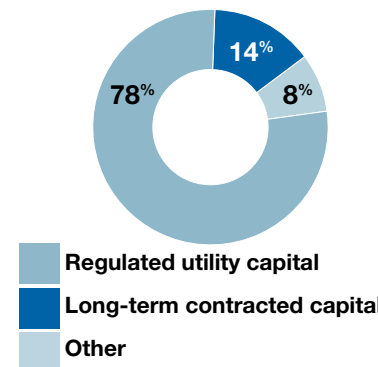
Regulated Utility Normalized Adjusted Earnings



CAPITAL INVESTMENT PLANS

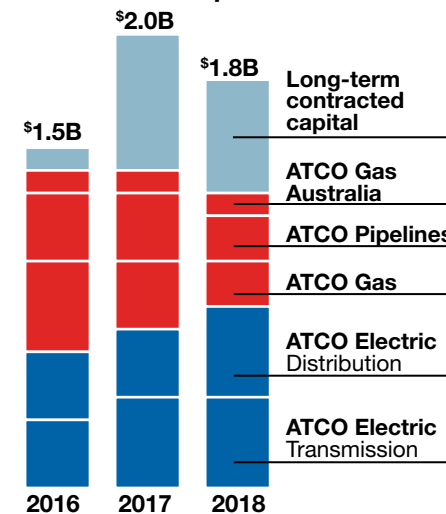
ATCO invested \$1,919 million in 2015 in long-term growth initiatives. Investment in the regulated utilities and on long-term contracted capital assets accounted for \$1,754 million or 92 per cent of capital spending. These investments either earn a return under a regulatory business model or are commercially secured under long-term contracts. The remaining eight per cent of expenditures were mainly maintenance capital spread across the Company.

Regulated & Contracted Capital Investment 2015



In the 2016 to 2018 period, ATCO expects to invest an additional \$5.3 billion in regulated utility and commercially secured capital growth projects. This capital investment is expected to contribute significant earnings and cash flow and create long-term value for share owners.

Future Regulated & Contracted Capital Investments



This three-year plan includes \$4.1 billion of planned capital investment in the regulated utilities. The Company also intends to invest a further \$1.2 billion in long-term contracted capital from 2016 to 2018. Of this \$1.2 billion, \$1.1 billion is planned capital investment in the Alberta Powerline's Fort McMurray 500 kV Project and approximately \$100 million is planned capital investment in contracted hydrocarbon storage and distributed generation in Alberta and a natural gas pipeline in Mexico.

ATCO also continues to pursue various business development opportunities with long-term potential, such as the Tula cogeneration power plant in Mexico, which are not included in these capital growth investment estimates.

DIVIDENDS

The Board of Directors increased the quarterly dividends paid per Class I and Class II Share for the four quarters of 2015 from 21.50 cents per share to 24.75 cents per share, an increase of 15 per cent over 2014.

In January 2016, the Board of Directors declared a first-quarter dividend of 28.50 cents per share. That amount represents a 15 per cent increase over the quarterly dividends per share paid in 2015.

The Board of Directors has approved an increase in ATCO's common share dividends each year since 1993; a track record we are very proud of.

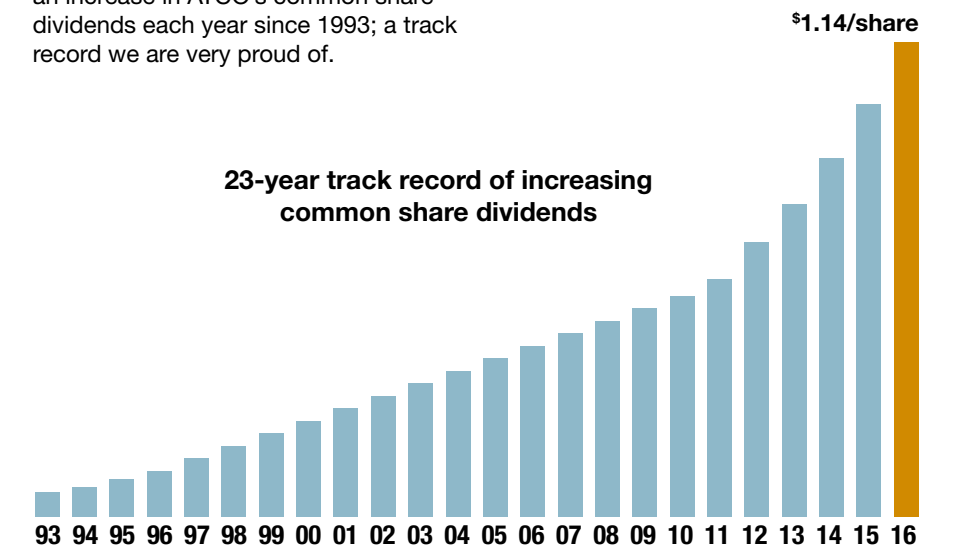
FINANCIAL STRENGTH

Financial strength is fundamental to ATCO's current and future success. It ensures we have the financial capacity to fund our existing and future capital investments through a combination of predictable cash flow from operations, cash balances on-hand, committed credit facilities and access to the capital markets. Financial strength enables ATCO to sustain our operations and to grow through economic cycles, thereby providing long-term financial benefits and value creation to you, our investors. ATCO is committed to maintaining strong investment grade credit ratings which allow us access to capital markets at competitive rates.

We financed our asset expansion through a number of sources in 2015. Our most significant source of capital was funds generated by operations which totalled \$1.6 billion in 2015. We also issued \$650 million in debt and \$375 million in preferred shares, all at very competitive rates.

The Company has a long track record of generating reliable and growing earnings and dividends over time. There is no doubt we face some challenging conditions with low commodity prices and reduced activity levels in some of our markets. However, we will tackle these challenges, as we always have, with fiscal prudence and a long-term focus on creating share owner value.

23-year track record of increasing common share dividends



Capital investment is defined as cash used for capital expenditures. It includes additions to property, plant and equipment, intangibles and the company's proportional share of capital expenditures in joint ventures, as well as interest capitalized during construction.

Consolidated Annual Results ⁽¹⁾

(Millions of Canadian dollars, except as indicated)	2015	2014	2013	2012	2011
EARNINGS STATEMENT					
Revenues	4,131	4,554	4,359	4,012	3,991
Earnings attributable to Class I and Class II shares	154	420	418	370	327
Adjusted earnings ⁽²⁾					
- Structures & Logistics	27	67	96	114	89
- Electricity	171	195	206	167	157
- Pipelines & Liquids	101	106	83	83	72
- Corporate & Other and eliminations	(6)	6	5	6	12
Adjusted earnings ⁽²⁾	293	374	390	370	330
BALANCE SHEET					
Cash ⁽³⁾	799	590	741	470	755
Total assets	19,055	17,689	16,010	14,055	12,453
Capitalization					
- Bank indebtedness	1	5	2	-	-
- Long-term debt	7,943	7,256	6,230	5,352	4,389
- Non-recourse long-term debt	112	127	165	186	378
- Non-controlling interests	3,537	3,112	3,153	2,551	2,500
- Share owners' equity	3,356	3,168	2,860	2,370	2,163
Capitalization	14,949	13,668	12,410	10,459	9,430
CASH FLOW STATEMENT					
Funds generated by operations ⁽⁴⁾	1,589	1,786	1,854	1,636	1,514
Capital expenditures ⁽⁵⁾					
- Structures & Logistics	61	91	116	199	132
- Electricity	935	1,622	1,810	1,767	939
- Pipelines & Liquids	824	620	521	488	431
- Corporate & Other & eliminations	48	40	71	33	26
Capital expenditures	1,868	2,373	2,518	2,487	1,528
PER SHARE DATA					
Earnings per share (\$)	1.34	3.66	3.64	3.21	2.83
Dividends paid per share (\$)	0.99	0.86	0.75	0.66	0.57
Equity per share (\$)	29.18	27.51	24.84	20.61	18.74
Class I Non-Voting closing share price (\$)	35.70	47.66	46.66	40.36	30.12
Class II Voting closing share price (\$)	35.50	47.75	46.35	40.25	29.66

Full disclosure of all financial information is available on the SEDAR website - www.sedar.com.

(1) Financial results have been prepared in accordance with International Financial Reporting Standards (IFRS).

(2) 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. Descriptions of the adjustments are provided in the Segmented Information note of the Financial Statements.

(3) Cash is defined as cash and cash equivalents less current bank indebtedness.

(4) Funds generated by operations is defined as cash generated from operations before

changes in non-cash working capital. This measure is not defined by IFRS and may not be comparable to similar measures used by other companies.

(5) Includes purchases of property, plant and equipment and intangibles, including capitalized interest.

Consolidated Operating Summary

(Millions of Canadian dollars, except as indicated)	2015	2014	2013	2012	2010
Structures & Logistics					
Capital expenditures ⁽¹⁾	61	91	116	199	132
Workforce housing lease fleet (units in thousands)	3	3	3	3	3
Workforce housing lease fleet utilization (%)	51	77	83	86	87
Space rental lease fleet (units in thousands)	13	13	13	13	19
Space rental lease fleet utilization (%)	68	75	77	81	80
Electricity					
Electricity distribution and transmission operations					
Capital expenditures ⁽¹⁾	850	1,602	1,763	1,732	916
Power lines (thousands of kilometres)	83	81	81	76	74
Electricity distributed (millions of kilowatt hours)	11,832	11,600	11,283	10,974	10,596
Average annual use per residential customer (kWh)	7,476	7,815	7,743	7,604	7,747
Customers at year-end (thousands)	256	252	248	244	240
Electricity generation operations					
Capital expenditures ⁽¹⁾	85	20	47	35	23
Generating capacity (megawatts)	3,857	3,890	4,890	4,889	4,889
Generating capacity owned (megawatts)	2,462	2,479	2,734	2,743	2,743
Availability (%)	93	95	94	90	91
Pipelines & Liquids					
Natural gas distribution operations ⁽²⁾					
Capital expenditures ⁽¹⁾	411	371	353	392	307
Pipelines (thousands of kilometres)	54	54	54	52	51
Maximum daily demand (terajoules)	2,216	2,269	2,182	2,253	2,175
Natural gas distributed (petajoules)	264	289	275	275	259
Average annual use per residential customer (gigajoules) for ATCO Gas	117	117	117	121	121
Average annual use per residential customer (gigajoules) for ATCO Gas Australia	14	14	15	15	15
Customers at year-end (thousands)	1,893	1,846	1,802	1,763	1,727
Natural gas transmission operations					
Capital expenditures ⁽¹⁾	363	194	147	87	112
Pipelines (thousands of kilometres)	9	9	9	9	9
Natural gas liquids storage and processing operations, and industrial water solutions					
Capital expenditures ⁽¹⁾	50	55	21	9	12
Natural gas processed (mmcf/day)	187	337	376	398	393
- Natural gas liquids extraction (mmcf/day)	178	316	340	350	342
- Natural gas gathering and processing (mmcf/day)	9	21	36	48	51
Natural gas gathering lines (kilometres)	645	1,016	1,122	1,097	1,171

(1) Includes purchases of property, plant and equipment and intangibles, including capitalized interest.

(2) Includes ATCO Gas Australia, which was acquired on July 29, 2011; 2011 amounts are for the 5 months of operations.

ATCO's Global Leadership

Directors



Robert T. Booth, Q.C.
Partner, Bennett Jones LLP



Denis M. Ellard
Corporate Director



C. Anthony Fountain
Chairman of Sellafield Ltd.



Linda A. Heathcott
President & Chief Executive Officer, Spruce Meadows Ltd.



Michael R.P. Rayfield
Corporate Director



Robert J. Routs, PhD
Corporate Director



Nancy C. Southern
Chair, President & Chief Executive Officer



Roger J. Urwin, PhD, C.B.E.
Corporate Director



Susan R. Werth
Corporate Director



Charles W. Wilson
Lead Director

ATCO's Global Leadership

ATCO Officers

Executive Committee

Nancy C. Southern
Chair, President & Chief Executive Officer

Erhard M. Kiefer
Senior Vice President & Chief Administration Officer

Siegfried W. Kiefer
President & Chief Operating Officer, Canadian Utilities Limited

Stephen H. Lockwood
President & Chief Operating Officer, ATCO Structures & Logistics Ltd.

Brian R. Bale
Senior Vice President & Chief Financial Officer

Settimio F. Policicchio
Managing Director, Shared Services

Corporate Office

Carson J. Ackroyd
Vice President, Marketing & Communications

Anthony L. Maher
Vice President, Controller

Clinton G. Warkentin
Vice President, Finance & Risk

Carole M.D. Field
Vice President, Pension and Benefits & Human Resources Information Systems

Robert C. Neumann
Vice President, Internal Audit

Carol Gear
Corporate Secretary

Alan M. Skiffington
Vice President & Chief Information Officer

Managing Directors, Presidents and Senior Executives of Operating Subsidiaries

Roberta L. Lambright
Managing Director & Chief Operating Officer, ATCO Australia

J.D. Patrick Creaghan
President, ATCO Energy Solutions

George Opocensky
President, ATCO Power

George J. Lidgett
Managing Director, Pipelines & Liquids

Paul G. Goguen
Senior Vice President & General Manager, ATCO Electric Transmission

Boris I. Rassin
President, ATCO Sustainable Communities

Wayne K. Stensby
Managing Director, Electricity

Barry L. Goy
Senior Vice President & General Manager, ATCO Electric Distribution

D. Jason Sharpe
Senior Vice President & General Manager, ATCO Pipelines

ATCO's Beautiful Alberta Heritage

In recognition of its beautiful Alberta heritage, ATCO has featured scenes of Alberta in annual reports since 1990.



Northern lights over the Elbow River, west of Calgary, Alberta.



2014



2013



2012



2011



2009



2008



2007



2006



2004



2003



2002



2001



1999



1998



1997



1996



1994



1993



1992



1991



1990

General Information

INCORPORATION

ATCO Ltd. was incorporated under the laws of the Province of Alberta on August 31, 1962.

ANNUAL MEETING

The Annual Meeting of Share Owners will be held at 10:00 a.m. on Wednesday, May 11, 2016, at The Fairmont Palliser Hotel, 133 - 9 Avenue S.W., Calgary, AB.

AUDITORS

PricewaterhouseCoopers LLP
Calgary, AB

LEGAL COUNSEL

Bennett Jones LLP
Calgary, AB

STOCK EXCHANGE LISTINGS

Class I Non-Voting Shares
Symbol ACO.X

Class II Voting Shares
Symbol ACO.Y

Listing: The Toronto Stock Exchange

INVESTOR RELATIONS

Email: investorrelations@atco.com
Telephone: 403-292-7500
Fax: 403-292-7532

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1500, 909 - 11 Avenue S.W.
Calgary, AB
Canada T2R 1N6

REGISTRAR & TRANSFER AGENT

Class I Non-Voting and
Class II Voting Shares
CST Trust Company
Calgary/Montreal/Toronto/Vancouver

Telephone:

8:30 a.m. to 6:30 p.m. ET
Monday - Friday
Toll-Free in North America:
1-800-387-0825

Outside of North America:
1-416-682-3860

Fax in North America:
1-888-249-6189

Fax Outside of North America:
1-514-985-8846

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P.O. Box 700
Station B
Montreal, QC
Canada H3B 3K3

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A photograph of the Aurora Borealis (Northern Lights) over a snowy landscape. The aurora displays vibrant green and purple hues against a starry night sky. The foreground shows a snow-covered field with a line of trees in the distance.

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ANYWHERE.

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