



ATCO
GROUP

2011 ATCO LTD.
ANNUAL
REPORT



Alberta Roots...

3.1

ATCO and its employees pledged more than \$3.1 Million to more than 500 charitable organizations.

64

ATCO's tradition of excellence dates back 64 years to 1947 when Alberta Trailer Hire was founded by R.D. Southern and his father, S.D. Southern.

133

ATCO has offices in 133 Alberta locations.

350

ATCO provides services to more than 350 Alberta communities.



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...Global Reach

5

ATCO has operations on five continents.

9

ATCO has ownership interest in 9 natural gas gathering and processing facilities.

12

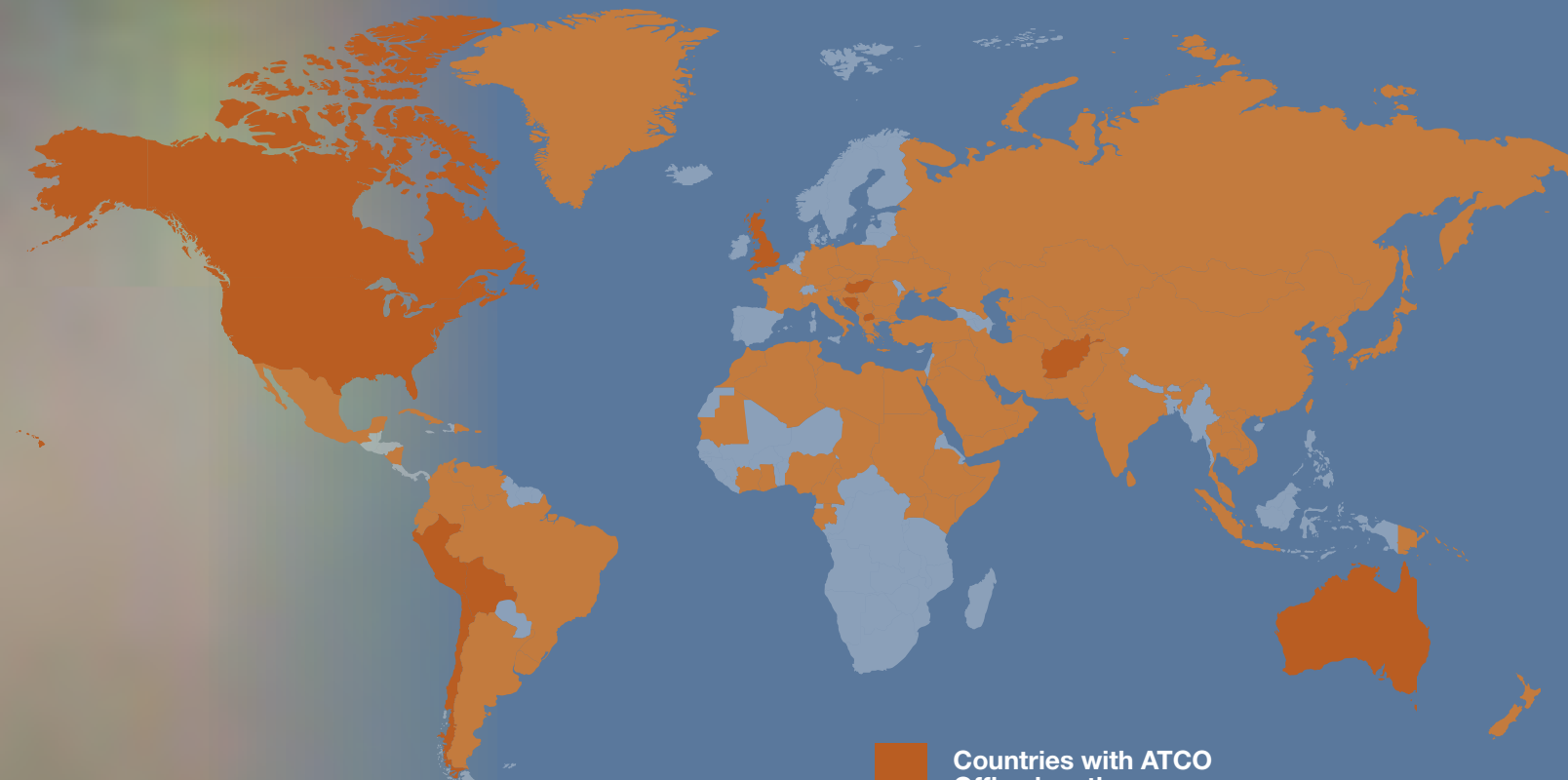
ATCO has assets of approximately \$12 Billion.

18

ATCO has 18 power generation facilities worldwide.

18

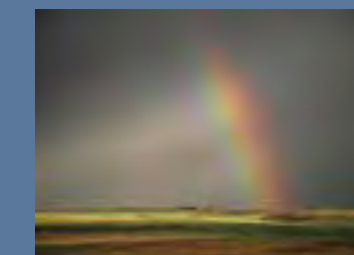
ATCO's dividends per share increased in 2011 for the 18th consecutive year.



Countries with ATCO Office locations

Countries where ATCO has conducted business

ATCO Group is a diversified, Canadian-based, international group of companies focused on profitable sustainable growth and achievement with approximately \$12 Billion in assets and more than 8,800 people actively engaged in Structures & Logistics (manufacturing, logistics and noise abatement), Utilities (pipelines, natural gas and electricity transmission and distribution), Energy (power generation, natural gas gathering, processing, storage and liquids extraction), and Technologies (business systems solutions).



ATCO has a tradition of showcasing Alberta's beautiful scenery on the cover of its annual reports. This is a view near Huxley, AB.

Structures & Logistics
ATCO Structures & Logistics

Utilities
ATCO Electric
ATCO Gas
ATCO Pipelines

Energy
ATCO Power
ATCO Midstream
ATCO Energy Solutions

ATCO Australia
ATCO Gas Australia
ATCO Power Australia
ATCO I-Tek Australia

Technologies
ATCO I-Tek

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ATCO Ltd. Financial Highlights

This data (other than funds generated by operations and equity per share) 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 ATCO Ltd. Consolidated Financial Statements and Management's Discussion and Analysis - www.sedar.com.

Consolidated Annual Results

YEAR ENDED DECEMBER 31

<i>(Millions of Canadian dollars except per share data)</i>	2011	2010
FINANCIAL		
Revenues	3,991	3,486
Earnings attributable to Class I & Class II shares	327	281
Adjusted earnings	330	296
Total assets	12,453	10,084
Class I & Class II share owners' equity	2,163	1,978
Funds generated by operations	1,514	1,234
Capital expenditures	1,528	952
CLASS I NON-VOTING & CLASS II VOTING SHARE DATA		
Earnings per share	5.65	4.83
Diluted earnings per share	5.64	4.82
Dividends paid per share	1.14	1.06
Equity per share	37.47	34.15
Shares outstanding (thousands)	57,730	57,924
Weighted average shares outstanding (thousands)	57,779	58,172

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.



Nancy C. Southern
Deputy Chair, President & Chief Executive Officer

Dear Share Owners,

I begin this letter wishing to convey my deepest appreciation and congratulations to the 8,800 women and men of ATCO Group, who worked so diligently, with courage and ingenuity, to deliver a hallmark year to our customers, partners, suppliers and share owners.

I wish I could convey in words all of the truly heroic acts the people of your company undertook in the face of grave tragedy and destruction during and in the aftermath of the devastating forest fire at Slave Lake, Alberta, in early 2011.

Led by Susan Werth, Chief Administration Officer, it was comforting to receive confirmation that the meticulous preparation of our Crisis Management planning worked superbly in such an unpredictable disaster. Even more meaningful and impressive was the ATCO spirit,

President's Letter to Share Owners

courage and caring that we witnessed from our people on the ground who rapidly deployed to safely restore the essential services for heat and electricity, so the people of Slave Lake could return to their homes and businesses.

Twenty-six of our own people lost their homes in the fire, yet continued to work grueling shifts to ensure the community could begin the process of rebuilding as soon as possible. Hundreds of ATCO personnel from as far away as Australia made donations to help their fellow employees who suffered personal loss. I know you will join me in conveying our deep pride and respect for the concern and care they have shown towards each other.

I am also very proud that we achieved great strides towards accomplishing our stated strategy to recreate ATCO Group's Canadian business model in Australia.

In March 2011, under the leadership of Steven Landry, Managing Director & Chief Operating Officer, ATCO Australia, we opened the ATCO Australia Corporate Office Headquarters in Perth, Western Australia. Several months of due diligence determined Western Australia offered great potential growth for our energy and utilities divisions.

On July 29, 2011, we completed a complex \$1.1 Billion acquisition of a natural gas distribution company in Perth. The newly named ATCO Gas Australia has more than 650,000 customers and approximately 13,100 kilometres of low pressure pipelines in one of the fastest growing resource driven economies in the world.

The amalgamation of ATCO Structures, ATCO Frontec and ATCO Noise Management completed in 2009 bore tremendous fruit in 2011 and confirmed the appropriateness of this transaction.

Harry Wilmot, President & Chief Operating Officer of ATCO Structures & Logistics, and his team, delivered record earnings. Lodges in Fort McMurray, Alberta, Williston, North Dakota, and in Saskatchewan averaged 82 per cent occupancy in the 2,796 rooms, and all of the factories in Canada, South America, the United States and Australia, closed out the year at maximum capacity.

Siegfried Kiefer, our newly appointed Chief Operating Officer of Energy and Utilities, led his teams through a record capital investment year in ATCO Gas, ATCO Electric and ATCO Pipelines. ATCO Power capitalized on strong power prices in Alberta with its plants running at very high availability.

Brian Bale, your company's Chief Financial Officer, provided tremendous stewardship of your company's cash and liquidity, by negotiating approximately \$2 Billion of credit line facilities, \$700 Million of low cost, long term debt and \$325 Million of Equity Preferred Shares amidst tumultuous financial markets.

I am pleased with the exceptional performance of our enterprise in 2011 and optimistic about the opportunities we believe will present themselves in 2012. However, several challenges remain on the horizon, not the least of which is the ongoing uncertainty due to the European and American debt crisis, although the potential for a double dip recession is perhaps less acute than this time last year.

On an operational basis, we are beginning to feel the effects of labour shortages and rising prices in Australia and Alberta. This will pose challenges for all our companies in the near term.

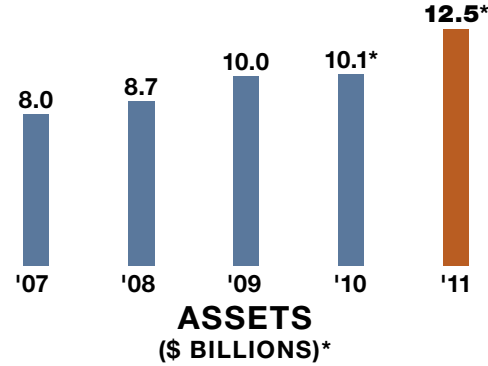
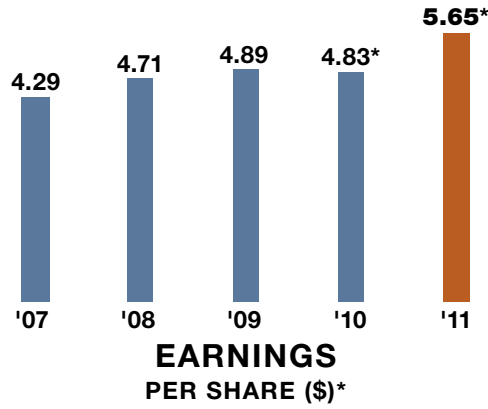
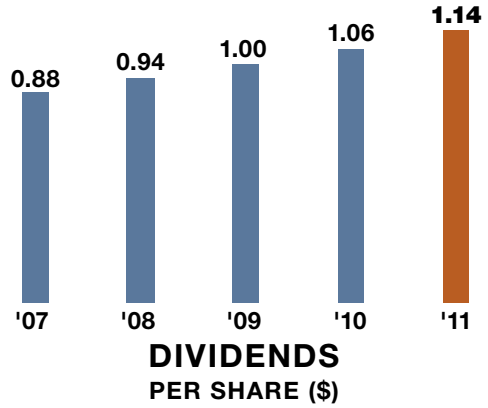
With these concerns in mind, I believe it is even more important that we measure our pace of growth for 2012 and beyond, husbanding our strong balance sheet and developing our people to ensure our customers can continue to rely on the same excellence ATCO Group has always strived for.

Once again, I wish to express my appreciation to the people of ATCO and our Board of Directors, for their dedication and commitment to the sustainable, profitable growth of your company.

Sincerely,

[signed] N.C. Southern

Nancy C. Southern
Deputy Chair, President & Chief Executive Officer



*Earnings per share and Assets for the years ended December 31, 2010 and 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS).
Earnings per share and Assets for the years ended December 31, 2007, 2008 and 2009 have been prepared in accordance with Canadian Generally Accepted Accounting Principles in effect prior to the adoption of IFRS.



Ronald D. Southern
Chairman of the Board

Chairman’s Letter

To the Owners of
our Shares,

Ladies and gentlemen, as your President and her Senior Officers report, 2011 has been a testing but remarkable year of achievements.

In a historic sense, 2011 may mark a “threshold year” of achieving meaningful international profits from replicating ATCO’s footprint in Australia and South America. In addition, it also marks a new focus on the importance of “bundling” ATCO’s products and services for our customers.

As we execute this global strategy, agreed by Directors and Officers in 2009, it is important to note that the leaders of our Australian companies: ATCO Structures & Logistics; ATCO Gas; and ATCO Power, are all Canadians with over 30 years each of ATCO Heart and Mind experience. The President in our Head Office, with her four top Executives, also have over 30 years each of the same “top of the tree” ATCO Heart and Mind experience and attitude.

The reason I mention this is to concentrate your awareness that our progress is not, as Clausewitz said, due to “An intellect without bounds, but rather to a common capability in the enterprise sense.” This is reinforced by the collective ability of your Directors to appraise both sides of a question when using their judgement. They have a universal will to do the right thing which they always do naturally with a strong sense of duty.

Directors and Officers are all well aware of the innumerable and often unidentifiable vexatious events which can disrupt our plans and our performance. As a result, risk analysis is a continuing process overseen by the Presidents of our subsidiaries, bolstered by our Designated Audit Directors (DADs) who attend regular Risk Management meetings with each of our subsidiary Presidents, Controllers and Principal Operating Officers, the results of which are consolidated at the corporate level for review by our Board’s Risk Review Committee twice annually.

In addition to our Board Committees, the Corporation has a Crisis Management Committee (CMC) which is chaired by our Senior Vice President & Chief Administration Officer and is comprised of Senior Corporate Officers. The Committee is assisted by other functional team leads, both internal and external, as required by circumstances. The CMC reports to the Board’s Risk Review Committee.

CMC’s primary mandate is to ensure a Crisis Management Plan is in place and tested that provides the foundation for coordinated action in order to minimize danger to life, health and property from a crisis caused by human activity or natural disaster.

During 2011, the CMC conducted three regular meetings and 34 additional in-person situation meetings to provide coordinated action for three significant events affecting our operations: The Slave Lake, Alberta and Area Wildfires; Inuvik Natural Gas Supply Contingency Plan; and a cross-company computer server outage.

Rapid deployment of people and assets resulted in no injuries and restoration of services very quickly and professionally.

Our Annual Meeting will mark the retirement of Director, the Right Honourable Don Mazankowski, Former Deputy Prime Minister and Member of Parliament from Vegreville, Alberta after 18 years (five years with Canadian Utilities Limited and latterly 13 years with ATCO).

In addition to his powerful intellect and superb commercial judgment, “Maz” has brought us strategic and tactical thinking, energy, courage, firmness and resolution, as well as a compendium of admirable personal traits. Maz is widely respected throughout Canada and the world.

On behalf of my colleague Directors and Owners of our Shares, we would like to thank him most sincerely.

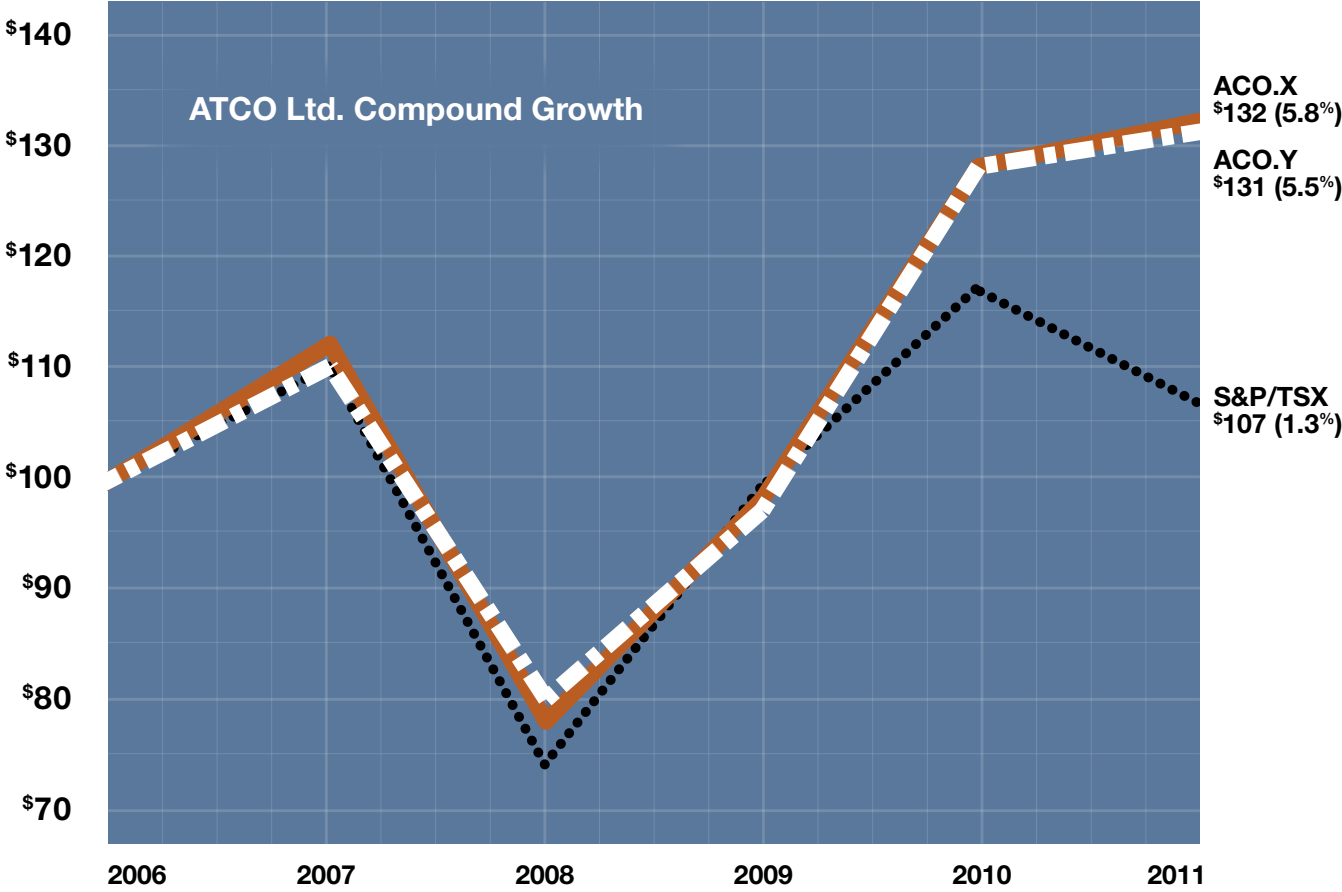
To all the people who make up ATCO, thank you for a job truly well done!

Respectfully submitted,

[signed] Ronald D. Southern

Ronald D. Southern
Chairman of the Board

Five-Year Total Return on \$100 Investment



	Compound Growth Rate	Cumulative Return
Class I Non-Voting (ACO.X)	5.8%	\$132
Class II Voting (ACO.Y)	5.5%	\$131
S&P/TSX Composite	1.3%	\$107

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 Corporation (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 owners to understand that the ATCO share registry has both non-voting and voting common shares.



Siegfried W. Kiefer
Chief Operating Officer,
Energy & Utilities, ATCO Group

A Vision for Reliable, Affordable Electricity in Alberta

Alberta is on the threshold of large economic expansion – defying the trend observed in many parts of the world. At the heart of this expansion

is the development and delivery of the province's energy resources. Largely concentrated in the northeast quadrant of the province, the optimization of these natural resources is central to our province's vision of becoming a global energy leader.

Now is the time for Alberta to think strategically about the long term, and what it will take to achieve and sustain that vision. Access to reliable, affordable sources of electricity is critical to our province's energy-intensive industrial development. Electric transmission in Alberta supports a \$5 Billion wholesale electricity market, which in turn fuels our \$300 Billion economy.

In late 2011 and early 2012, Alberta's electric utilities, industry and consumer groups engaged in a public process established by the provincial government to review plans for two high-voltage direct current transmission lines between the Edmonton and Calgary regions. An independent panel of experts was appointed and given a mandate to examine the need, timing and choice of technology for these lines.

A full spectrum of views was heard and debated. Ultimately, a well-reasoned, disciplined, fact-based decision was reached with the government directing that work proceed on the two lines because Alberta and its people need them to sustain reliable electricity and support a growing economy.

The Conference Board of Canada stated in its February 2012 Report 'Shedding Light on the Economic Impact of Investing in Electricity Infrastructure' "... a modern and reliable electricity sector contributes to efficient overall economic production and plays an important role in determining Canada's competitive advantage" and "... contributes to lifting overall Canadian economic activity and employment through its capital investments in electricity infrastructure."



The expected growth in Alberta's economy presents a significant challenge for the next 20 years. In addition to investing in a robust transmission grid, Alberta will need to double its generation capacity of approximately 13,500 MW to meet growing demand and replace retiring plants.

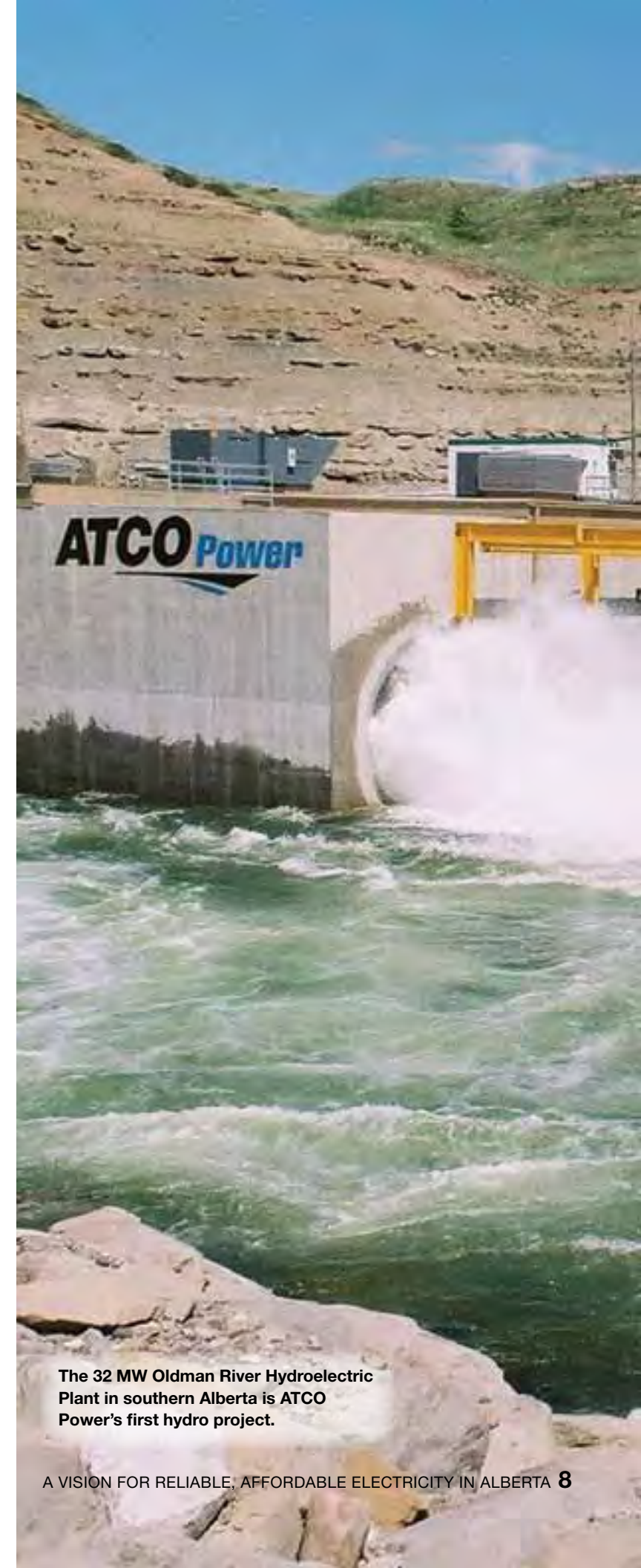
For this reason, the strategy going forward must be visionary and must consider not only today's system constraints and demands, but also the changing mix of generation technologies as federal public policy moves us away from coal towards more environmentally acceptable choices.

ATCO has long held the view that the largely undeveloped eastern side of the province has the potential to become a 'Green Energy Corridor', one which will address future load growth and connect important, emerging sources of generation in northeastern Alberta and the NWT such as hydro and natural gas co-generation as well as wind in the south.

Unlike other provinces in Canada, Alberta's deregulated electricity market requires private companies like ATCO Power to invest billions of dollars to build generation. To accomplish this, investors need to have confidence in the market, especially certainty in the policy environment, fair regulatory treatment, and timely regulatory approval processes to give assurance that necessary infrastructure can be built when and where it is needed. Within this framework, we must also respectfully and fairly deal with the concerns of landowners and First Nations.

Alberta must see an unprecedented build of new environmentally friendly generation to replace Alberta's predominant low cost coal generation that has been serving the province for decades. It is imperative that we move forward with a reasoned policy and appropriate timing that protects Albertans from major electricity price shock associated with the shutdown of coal generation and provides sufficient supply to ensure economic growth is not restricted.

Government electricity policy currently being established will have a significant impact on Alberta's future. To assure reliability and affordability, we must ensure that sufficient time is allowed for required new generation to be in place to meet Alberta's increased needs, and to support Alberta's vision of becoming a global energy leader.



The 32 MW Oldman River Hydroelectric Plant in southern Alberta is ATCO Power's first hydro project.

Structures & Logistics

ATCO Structures & Logistics provides complete infrastructure solutions to customers worldwide, including workforce housing, innovative modular facilities, construction, site support services, logistics, operations management and noise reduction solutions.

ATCO units were used to house workers refurbishing Australia's most iconic building, The Sydney Opera House.

With manufacturing facilities in North America, South America and Australia, and operations on five continents, ATCO Structures & Logistics has the expertise to rapidly deploy modular buildings, remote site services, gas turbine systems and industrial noise control solutions essential to operating anywhere in the world.

ATCO Structures & Logistics experienced another successful year in 2011 with continued growth in sales and profitability in its core business lines worldwide.

HIGHLIGHTS OF THE YEAR:

- ATCO was awarded six significant workforce housing and site services contracts in North America, South America and Australia, primarily to support development in these resource-rich parts of the world.
- The ATCO Structures & Logistics lodge business enjoyed tremendous success in established and new markets, with high occupancy rates at Creeburn Lake Lodge and Barge Landing Lodge in the Alberta oil sands, and the North Dakota Williston Lodge, respectively. The Estevan Lodge in Saskatchewan grew its occupancy rate despite challenges caused by inclement weather that affected oil and gas operations in the area.
- The Environmental Systems group experienced major growth in sales, propelled by the awarding of ATCO's largest-ever single exhaust silencing system contract.
- The company's space rental business worldwide enjoyed a tremendously successful year. It increased its fleet size by 19 per cent and utilization increased to 80 per cent. Workforce housing fleet size increased by 15 per cent while utilization grew by 9 per cent to 87 per cent.
- ATCO Structures & Logistics continued as the contractor of choice for the provision of utilities services at Kandahar Airfield (KAF) and was awarded several supplementary agreements to increase the scope and level of utilities services to the International Security Assistance Force.
- ATCO Structures & Logistics executed six memorandum of understanding (MOU) agreements and two joint-venture (JV) agreements with Aboriginal groups in western Canada.

- The company continued its strong community commitment to the redevelopment of Chile, following a devastating earthquake in 2010, by supporting a cross-Canada dance tour that raised funds for reconstruction as well as continued support for the school in the community of Iloca (see page 66).
- ATCO won an Award of Distinction from the Modular Building Institute for Restaurante Rucaray in Cauquenes, Chile. The restaurant/residence was built by ATCO and donated to the proprietor and serves as an important meeting place for residents following the 2010 earthquake.

ABORIGINAL RELATIONS

ATCO Structures & Logistics has been partnering with Aboriginal communities throughout Canada and Alaska since 1981. These relationships are based on a foundation of trust, respect and understanding of their interests, and have resulted in mutually beneficial, long-term partnerships.

In 2011, the company continued to foster existing partnerships and create new ones, including the signing of a joint-venture agreement with the Haisla First Nation near Kitimat, BC. ATCO Structures & Logistics is working with the Haisla people to build a 1,500-person workforce housing project for Rio Tinto Alcan Inc. (see page 56). The joint-venture agreement is expected to lead to other projects in the Haisla traditional territory.

ATCO is also working with Aboriginal groups to build permanent buildings in their communities. Last year, ATCO designed and built its first indoor hockey arena for the Fort McKay First Nation near Fort McMurray, AB. The more than 36,000 sq. ft. pre-engineered arena building features a spacious lobby, concession area, dressing rooms and spectator area, and includes a refrigeration plant to create a year-round ice skating surface for the community.

Other agreements signed by ATCO in 2011 include:

- Bear Dog Enterprises Ltd., Telegraph Creek, BC (MOU)
- Clarence Campeau Development Fund, Metis of Saskatchewan (MOU)
- Gitanyow, Kitwanga, BC (MOU)
- Haisla First Nation, Kitimat, BC (JV)
- Lhoosk'uz Dene' Nation, Quesnel, BC (MOU)
- Pinehouse Business North, Pinehouse, SK (MOU)
- St. Mary's Band, Cranbrook, BC (JV)
- Webequie First Nation, northern ON (MOU)

The office complex at the Caserones Copper Mine Project in northern Chile combines wooden architectural elements with factory-built modular construction.

NORTH AMERICA

Modular Structures

ATCO Structures & Logistics was awarded several large contracts in 2011 associated with Alberta's oil sands, British Columbia's mining industry and military operations in Canada's North.

In March, the company was awarded a contract to design and build a 1,500-person workforce housing facility for Rio Tinto Alcan's smelter modernization project in Kitimat, BC. Phase I of the Kitimat Modernization Project Construction Village was built in 2011, housing 500 people. The project was awarded to ATCO by Bechtel, the engineering firm hired by Rio Tinto Alcan to oversee the project.

The modular units, which have been designed to meet Kitimat's heavy snow loads, were built at ATCO Structures & Logistics' manufacturing plant in Calgary and transported to Kitimat. This project creates jobs for local residents and will result in direct benefits for the Haisla community as a result of ATCO's joint venture signed with the Haisla First Nation in 2011.

ATCO won its first site services contract in the energy sector for the Husky-operated Sunrise Energy Project, located 60 km northeast of Fort McMurray, AB. The site services being provided include fire protection, medical services, security, ground transportation and gravel pit management. ATCO is also providing modular offices and other structures to support the delivery of services.

ATCO also signed a "bundled" lodging contract to provide accommodations, food services and lodge operation services for a permanent workforce housing complex being constructed for the Husky Sunrise Project. This is ATCO's first contract as a turnkey provider of an integrated housing and food services solution, which will provide efficiencies for our customers.

The awarding of both Husky contracts will play a significant role in the development of Aboriginal business in the Wood Buffalo region.

In 2011, ATCO Structures & Logistics provided temporary camp facilities for 550 persons involved in Canadian military exercises near Resolute Bay, Nunavut. Operation Nanook 11 is the centre piece of three major sovereignty operations conducted every year by the Canadian Forces in Canada's North.

The camp was operational during a six-week period over the summer and supported exercises conducted by

the Canadian Forces, RCMP, Coast Guard and other government departments and agencies in Canada's North. ATCO was the prime contractor for similar operations in 2010.

ATCO Structures & Logistics introduced a line of permanent modular buildings in 2009, called Urban Space. These high-quality permanent modular buildings for commercial or residential projects

save time and money for customers because they are manufactured in the factory under controlled conditions, minimizing site delays and impact to materials due to weather.

These solutions are particularly beneficial in northern climates and remote locations where extreme weather delays are common and the construction labour market is tight.

Last year, Urban Space was retained by Yukon Electrical in Whitehorse, Yukon, to provide a detailed review and building envelope analysis of the company's downtown headquarters, providing retrofit options to reduce power consumption.

After an audit by Enbridge of the ATCO Structures & Logistics Quality Safety Management Systems, the Industrial section of the Urban Space group was awarded a contract to provide four utility buildings for the Enbridge Wapiso Capacity Expansion in northern Alberta.



ATCO's turnkey modular units can include on-site kitchen and dining facilities. (Pictured: Andreas Dean, Second Cook, Barge Landing Lodge.)

ENVIRONMENTAL SYSTEMS

ATCO Structures & Logistics successfully quieted New York City's newest power plant in 2011. ATCO's noise abatement solutions for Astoria Energy II, the second power block for the 1,100 MW facility in Queens, New York, met the project's strict noise level compliance criteria, which are among the most stringent in the United States.

To meet these strict noise standards, ATCO provided proprietary acoustical assemblies for the acoustic barrier surrounding the site, acoustic walls and roof of the turbine and compressor buildings and custom-designed ventilation silencers. The construction site was small and bordered by water on three sides, creating logistical challenges that were overcome by creative design, just-in-time delivery of all materials and construction management.

In 2011, this group was awarded its first contract for a Selective Catalytic Reduction (SCR) system. SCR systems remove NOx emissions from hot flue gas streams. This project for the Delaware Municipal Electric Corporation will provide a strong reference for future SCR projects.

ATCO Structures & Logistics completed the design, supply and installation of an acoustical compressor station building, silencers and mechanical system at the Wild Goose gas storage facility in Gridley, California. The company also completed the construction of the co-generation power plant building at the Firebag 3 site and substantially completed the co-generation power plant building at the Firebag 4 site at Suncor's Firebag oil sands project near Fort McMurray, AB.

SOUTH AMERICA

Tecno Fast ATCO (TFA), a joint venture with ATCO Structures & Logistics, has been serving South America since 1995, and has experienced a growing demand for its products and services. With a manufacturing facility in Santiago, Chile, and one in Lima, Peru, the operation experienced significant growth in 2011.

The mining sector in South America continues to be a strong source of revenue for ATCO. In August 2011, TFA opened a sales office in Rio de Janeiro, Brazil, to offer temporary modular solutions for the 2016 Olympic Summer Games and the 2014 FIFA World Cup, in addition to supporting the growing economy and infrastructure investments in Brazil.

In 2011, TFA also won a contract to build a workforce housing facility, combining accommodation and dining facilities with an office complex, for Phase 2 of the Teck Quebrada Blanca copper mine in a remote region of northern Chile. Phase 2 is a development project to increase production and extend the facility's life by more than 30 years.

This 1,700-person multi-storey, hotel-style accommodation includes recreation facilities and offices, located 1,500 km north of Santiago, Chile, in the remote Andes mountain range. The facility is designed to provide workers for this copper mine with comfortable amenities in the midst of rugged, isolated conditions. It will feature large bedrooms with private bathrooms, recreation and fitness facilities, including a gym and judo/karate room, a medical clinic, music room and Internet café. The complex will also include an office building and on-site dining facilities.

AUSTRALIA

Australia has a strong demand for workforce housing to support the country's resource sector. ATCO Structures & Logistics responded to this demand in 2011 through the expansion of its manufacturing base, resulting in annual production output increasing by 45 per cent. ATCO owns or operates manufacturing facilities in Brisbane, Townsville and Melbourne in eastern Australia, and in Perth, Western Australia. The Brisbane manufacturing facilities were kept busy with three significant workforce housing contracts the company was awarded in 2011.

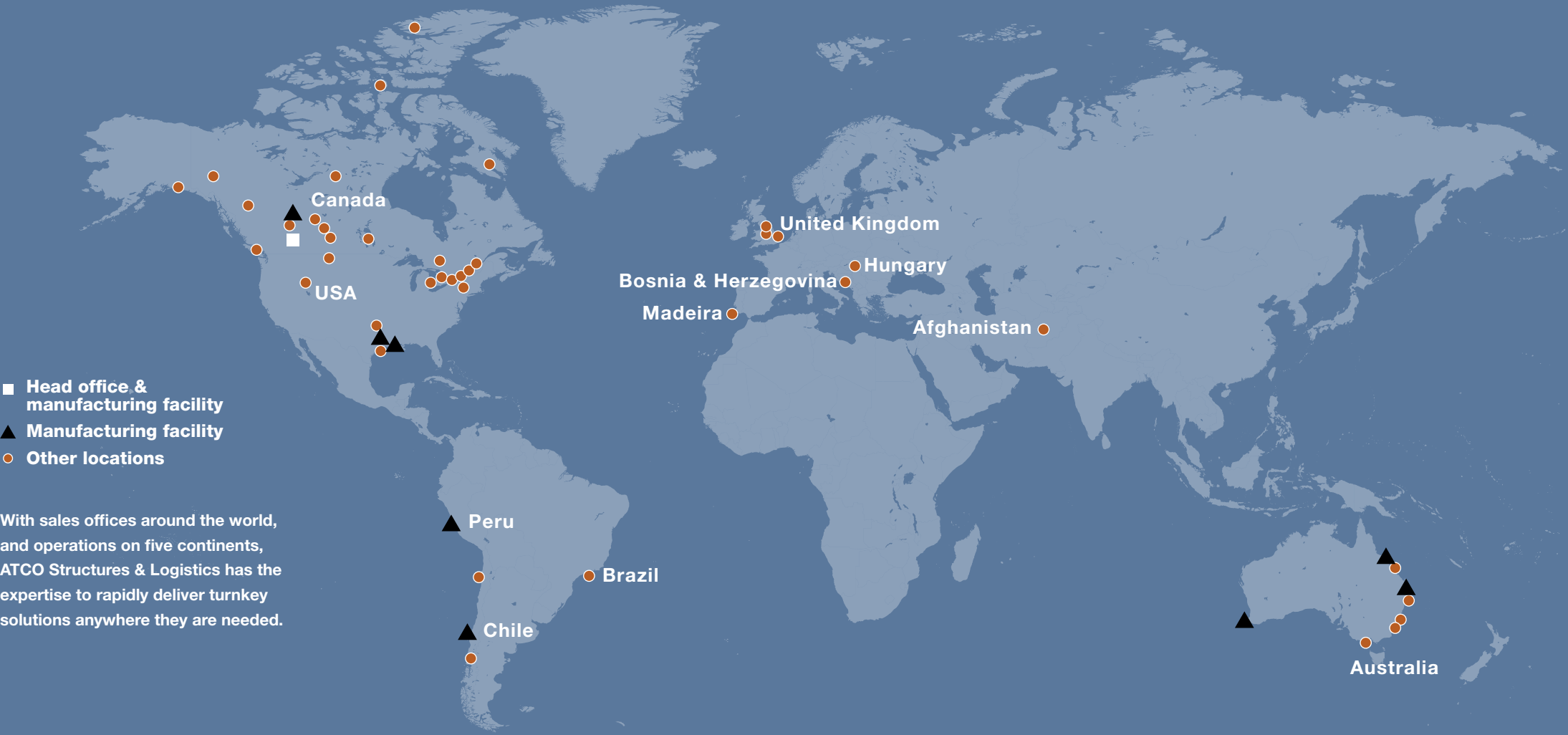
In support of these three workforce housing contracts, ATCO Structures & Logistics began building and installing modular units to accommodate more than 5,600 persons constructing three liquefied natural gas (LNG) processing facilities on Curtis Island, Queensland, in northeastern Australia. These facilities include:

- 1,700-person facility for Queensland Curtis LNG
- 1,344-person facility for Gladstone LNG
- 2,600-person facility for Australia Pacific LNG

The facilities include comfortable sleeping quarters with TVs and internet connectivity, kitchens, dining rooms, laundry areas and recreational amenities, including a swimming pool, golf and cricket nets.

All three contracts were awarded by Bechtel, the prime engineering firm managing the construction of these projects. Curtis Island is located approximately 500 km northwest of Brisbane.

ATCO Structures & Logistics Worldwide Operations



ATCO PROVIDES:

- Airfield & airport operations
 - Aircraft Cross Servicing
 - Airfield Operating Services
 - Combined Air Terminal Operations
 - Crash Fire & Rescue Services
- Gas turbine systems
 - Anti-icing systems
 - Bypass/diverter damper systems
 - Catalyst systems
 - Exhaust systems
 - Intake systems
 - Silencing systems
- Industrial noise control
 - Acoustic buildings
 - Acoustic enclosures
 - Noise barriers
 - Noise impact assessments
- Accommodation services
 - Billeting & security services
 - Catering & food services
- Modular commercial buildings & complexes
- Office trailers
- Remote facilities operations & maintenance
- Pre-engineered metal buildings
- Workforce housing accommodations
- Remote site services
 - Telecommunications & radar systems
 - Logistics (supply, transport, equipment maintenance)
 - Power generation & utilities
 - Site operation & maintenance

ATCO Structures & Logistics is an international success story with roots reaching back to 1947 when S.D. Southern and his son, R.D. Southern, started Alberta Trailer Hire. The small company provided housing accommodations for workers during Canada's first oil boom. Over six decades, the brand and yellow-banded structures have become synonymous with workforce housing around the world.

ASIA

Kandahar Airfield

ATCO Frontec Europe (AFE), a subsidiary of ATCO Structures & Logistics, was awarded a new contract in 2011 for the disposal of Canadian HAZMAT at Kandahar Airfield (KAF). The company also won contract extensions to support:

- The Raytheon Electronic Surveillance System at KAF
- McDonald Detweiler Associates operations
- The NATO Pass and Permit service delivery contract

ATCO saw significant growth in the scope of the existing utilities contract at KAF with the addition of supplementary agreements, including the operation and maintenance of the US-built, Reverse Osmosis Water Production Unit, and the expansion, operation and maintenance of the South Park Sewage System.

AFE continued to provide service under the First Responders contract, which now includes both emergency fire and medical response.

Additionally, NATO selected AFE as a provider for three contingency contracts: camps and camp services, bulk water and bulk fuel. These contingency contracts support the NATO Response Force and member states of the Operational Logistics Support Partnership worldwide when there is a requirement for these products and services.

MIDDLE EAST

Environmental Systems

ATCO Structures & Logistics – Environmental Systems won a contract with Siemens Energy Inc. to provide 12 Higgott-Kane exhaust silencing systems for the Ras Az Zawr project in Saudi Arabia. It is the largest single contract ever won by the Environmental Systems division.

The project consists of supplying 10 combined-cycle and two simple-cycle 60-metre tall exhaust silencing systems for Siemens SGT6-5000F gas turbines. The Ras Az Zawr project is located north of Jubail on the coast of the Gulf of Arabia. All design work, engineering, project management and quality assurance were provided by ATCO Structures & Logistics.

ATCO Australia

ATCO Australia includes ATCO Power Australia, ATCO Gas Australia and ATCO I-Tek Australia. These companies provide a full range of energy infrastructure services.

ATCO Australia Pty Ltd is headquartered in Perth, the capital and largest city in the state of Western Australia.



ATCO Australia's 180 megawatt Osborne Cogeneration Power Station in Adelaide, South Australia.

ATCO Australia Pty Ltd, headquartered in Perth, Western Australia, represents a full range of energy infrastructure services, primarily in the resources-based industries.

ATCO Australia is focused on developing, building, owning and operating new energy and infrastructure assets, drawing upon our existing expertise in power generation, the transmission and distribution of electricity and natural gas, and natural gas gathering, processing, storage and liquids extraction.

ATCO Australia has capped a year of growth and consolidation in the Australian market. Regionally, the economic outlook remains positive due to strong ongoing trade with Asia. In particular, demand for Australian resources from China continues to be a key driver of local growth and underpins a solid economic outlook.

Conservative estimates say Western Australia's reserves of coal, iron ore and natural gas will last for the next 80 years, a statistic which endorses the strategic importance of ATCO Australia's investment in the country and, in particular, Western Australia.

In its first full year of operation, the key events of 2011 for ATCO Australia were the strategic acquisition of the regulated asset, WA Gas Networks (rebranded to ATCO Gas Australia), and the opening of new headquarters in Perth, Western Australia.

The acquisition was a complex transaction in which fractional interests in other assets were sold and traded to bring together ATCO Gas Australia under 100 per cent control of ATCO Australia. This transaction also ended a turbulent ownership period for the asset, and assisted ATCO Australia in building the platform for the establishment of a strong and meaningful relationship with the state government.

Information technology assets and services were also acquired in the transaction facilitating the establishment of ATCO I-Tek Australia.

The development of the ATCO Australia head office in Perth is a strong indication of the company's confidence in the continued strength of the Australian economy and, in particular, the resource-rich state of Western Australia. The future will focus on exploring further greenfield opportunities across Western Australia, Queensland and South Australia, where the majority of Australia's resource projects are planned.

The creation of ATCO Australia and the acquisition of ATCO Gas Australia have resulted in a much larger and broader business within Australia requiring an increase

of governance oversight and corporate services. ATCO Australia has established a corporate services function which includes responsibility for health and safety, security and environment, risk management, insurance and corporate secretarial.

The ATCO Australia business development

model has consolidated all operations under a single entity that can provide bundled power generation and infrastructure service offerings which can be positioned as integrated power and energy solutions for government and private sector clients.

ATCO GAS AUSTRALIA

The ATCO Gas Australia pipeline network connects more than 650,000 customers through approximately 13,100 km of natural gas pipelines to the Perth metropolitan area and major towns and cities throughout the state. As a regulated asset, it is the largest reticulated gas infrastructure in Western Australia and, as such, a highly



(L-R) Alan Carter and Gerry Rive, Gas Distribution Officers, ATCO Gas Australia, replace a natural gas main.

strategic asset for the state and a strong fit with other ATCO Group assets.

In the first five months of operation, ATCO Gas Australia has generally achieved the financial goals anticipated and operated safely. ATCO Gas Australia is also having an important impact in the community on a number of fronts.

In 2011, ATCO Gas Australia was awarded a prestigious Golden Gecko Certificate of Merit for environmental excellence by the state government. The Department of Mines and Petroleum recognized the company for excellence and leadership in the environmentally responsible development of Western Australian resources.

“Movember” is a global fundraising event in support of men’s health that started in Melbourne, Australia. ATCO Gas Australia employees placed in the top 10 companies nationally based on the amount of funds raised by companies of comparable size.

Going forward, the primary focus of the business will be to encourage an uptake in gas use and the services provided by ATCO Gas Australia—in short, to deliver the value of Western Australia’s natural gas resource to the people of Western Australia.

ATCO POWER AUSTRALIA

ATCO Power Australia’s steady performance of the three power stations operating in Brisbane, Adelaide and Karratha continued throughout 2011. The focus for the year has been on safety while maintaining profitability and reliability across the operations.

Labour market conditions remain tight throughout Australia due to the resources boom. The considerable number of large-scale developments pending will result in significant competition for skilled staff for the foreseeable future. As a result, employee retention will be a priority in both Western Australia and Queensland.

ATCO Power Australia continued its solid commitment to the local Karratha community, sponsoring the Cossack Awards, a highlight of the arts and culture calendar in the Pilbara.

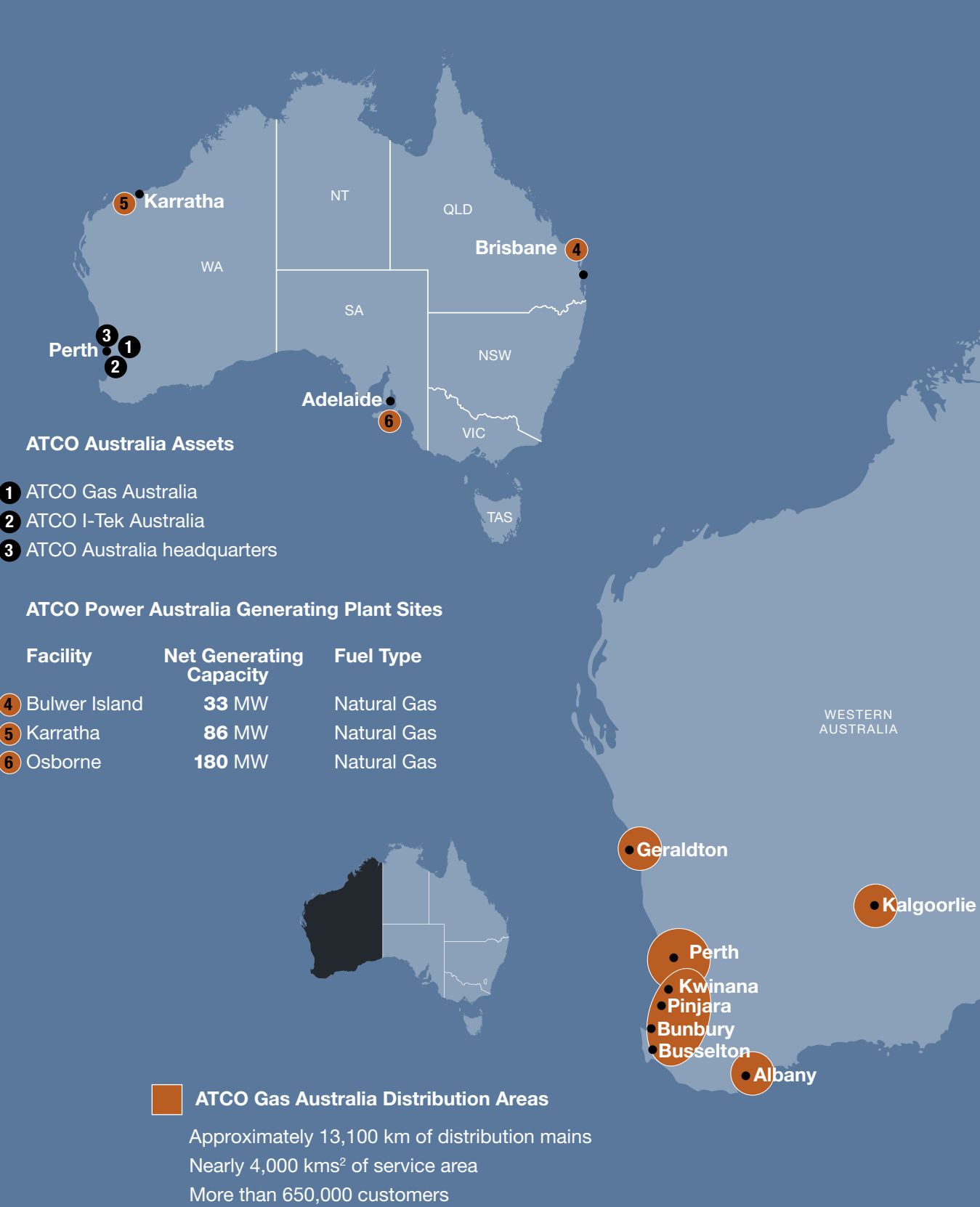
ATCO I-TEK AUSTRALIA

ATCO I-Tek Australia was established following the acquisition of ATCO Gas Australia. The business model for ATCO I-Tek Australia includes supporting third-party businesses as well as providing information technology support to ATCO Australia. ATCO I-Tek Australia’s strategic focus will be to identify and initiate new business opportunities with third parties as well as to create a catalogue of services, skills and shared cost arrangements that can be offered to new customers.



ATCO Gas Australia’s fleet vehicles in Jandakot Depot, Perth, are ready to serve its more than 650,000 customers.

ATCO Australia Assets



Utilities

The Utilities business segment includes ATCO Electric, ATCO Gas and ATCO Pipelines. These companies are focused on the safe, reliable and efficient transportation and distribution of natural gas and electricity.

Dave Batten, Transmission Operator, at ATCO Electric's Vegreville Operations Centre in central AB.

ATCO Electric develops regulated distribution and transmission projects and plays a key role in the development of Alberta's industrial sector. Headquartered in Edmonton with 38 offices throughout its service area, ATCO Electric serves nearly 213,000 customers in energy rich northern and east-central Alberta.

With 85 years experience and more than 2,000 employees serving 245 communities, the company builds, operates and maintains a safe, reliable system of approximately 10,000 km of transmission lines and 62,000 km of distribution lines. In addition, ATCO Electric operates approximately 10,000 km of distribution power lines on behalf of 24 Rural Electrification Associations in its service territory.

Capital growth in transmission and distribution assets was a primary business driver for ATCO Electric in 2011. Key areas of focus included: customer service; operational excellence; talent attraction, development and retention; and responding to the changing regulatory environment. All of this was underpinned by an unwavering commitment to safety.

TRANSMISSION DEVELOPMENT

ATCO Electric was engaged in several large-scale transmission projects in 2011.

Eastern Alberta Transmission Line (EATL)

Work continued on EATL, ATCO Electric's largest project in company history. A Facilities Application for the \$1.6 Billion 500 km, 500 kilovolt (kV) direct current line was submitted to the Alberta Utilities Commission (AUC) in March. The application followed extensive consultation with thousands of landowners and interested parties to determine the preferred route, alternative routes and converter station sites.

On Oct. 21, at the request of the Alberta Minister of Energy, the AUC suspended the review process and hearings for two of the province's critical transmission infrastructure projects—high-voltage, direct current lines between Edmonton and Calgary—including EATL. On Dec. 6, the Government of Alberta announced that a panel of experts had been selected to form the Critical Transmission Review Committee (CTRC) to review the plans for the two projects.

On Feb. 13, 2012, the CTRC provided a report on its findings to the Government of Alberta. The panel recommended that development of both the western and eastern transmission lines proceed and that high-voltage, direct current technology is reasonable. It also recommended the government consider amendments to the Electricity Statutes Amendment Act.

The Government of Alberta announced Feb. 23 that it had accepted all of the CTRC's recommendations and directed that development of the two north-south transmission lines proceed as soon as possible. The Minister of Energy requested that the AUC continue its review of the Facilities Applications for both the EATL and Western Alberta Transmission Line projects. An updated regulatory schedule outlining new dates in the regulatory process, including a July start date for the EATL hearing, was announced in early March.

Hanna Region Transmission Development (HRTD)

ATCO Electric made significant progress on the HRTD project. Construction on three substations was completed in the fall, and construction on another line and substation began in October. In early November, the AUC held two public hearings related to the contiguous portion of the HRTD line; the decision is expected in late March 2012.

Pending AUC approval, construction of the contiguous portion is to begin in April 2012 with an in-service date in mid-2013. Meanwhile, ATCO Electric continues work on three large work camps near Oyen, Consort and Hanna to support the Hanna region projects.

Northeast Transmission Development Projects

To support oilfield growth in the Fort McMurray area, ATCO Electric has embarked on several transmission line and substation construction projects. The Northeast Transmission Development Projects will tie into existing infrastructure and bolster the electricity system serving Alberta's booming northeast region of the province.

In the latter half of the year, the AUC granted permit and license approval for portions of the Northeast project including the Greenstocking substation. Construction began in November with an expected in-service date of Apr. 30, 2012.

In late 2011, ATCO Electric successfully negotiated the purchase of the 240 kV Kearl Oilsands Transmission line and substation built and owned by Imperial Oil to power its oil sands operations.

DISTRIBUTION GROWTH AND CUSTOMER DEMAND

Large-scale growth in transmission development was nearly equalled by capital growth in distribution in 2011. Numerous distribution extension and construction projects were undertaken across ATCO Electric's service territory.

Retention and expansion of ATCO Electric's customer base was a key area of focus. The members of six Rural

ATCO Electric erects an H-frame transmission tower near Fort McMurray, AB.

ATCO Electric Service Area



Electrification Associations (REAs) voted to sell their electric system assets to ATCO Electric. This vote of confidence by REA members is a credit to the hard work of local employees who have built positive working relationships with REA customers over the years.

OPERATIONAL EXCELLENCE

While undertaking record levels of capital growth, ATCO Electric maintained its long-standing commitment to customer service excellence. Customers throughout its service territory continue to rate their satisfaction with ATCO Electric service levels very favourably.

To efficiently and effectively execute its sizeable capital program and manage growth, ATCO Electric placed emphasis on internalizing project management discipline and operational excellence by entrenching best in class business practices and processes and investing in technology.

Attraction, retention and growth of talented people were also priorities for ATCO Electric. The goal during this time of significant growth for the company is to build internal capacity while reducing reliance on external contractors. More than 400 new employees were recruited in 2011.

ATCO Electric's emergency response capabilities were tested during the devastating Northern Alberta Wildfires. Approximately 400 ATCO Electric employees and contractors worked collaboratively with other ATCO companies, emergency first responders and municipal and provincial officials to restore power to areas in the Slave Lake region devastated by the fires. (See special feature on page 39.)

ATCO Electric opened a new service centre in Swan Hills and is constructing new facilities in Lloydminster, Grande Prairie and Stettler. The new service centres are energy efficient and have been designed to enhance customer service in the regions they serve.

CHANGING REGULATORY ENVIRONMENT

The regulatory environment in which ATCO Electric operates is changing. In April, ATCO Electric received the AUC's decision for its 2011-2012 Phase 1 General Tariff Application, the last cost-of-service application before Performance-Based Regulation (PBR) takes effect for electricity distribution on Jan. 1, 2013. Significant work was undertaken in 2011, together with other rate-regulated utilities, to provide recommendations for the new PBR model.

The Government of Alberta's Electric Statutes Amendment Act mandated the Alberta Electric System Operator (AESO) to develop a competitive process by which large transmission projects in Alberta are built and operated. The AESO filed its proposed model with the AUC in September 2011 and a decision is expected in June 2012. The focus will be the two 500 kV AC critical transmission infrastructure projects to the Fort McMurray region. ATCO Electric is taking the steps



Some of ATCO Electric's new construction service trucks at the fleet facility in Nisku, AB.

necessary to position and align its business to successfully compete against potential domestic and international bidders.

SAFETY FIRST, ALWAYS

The significant growth undertaken in 2011 was done at a time when ATCO Electric's safety record was stronger than ever. The company is at an all-time low in terms of the number and frequency of employees and contractors being injured on the job. And importantly, any injuries that do occur are less severe.

In 2011, the company undertook its third employee Safety Perception Survey. The results confirmed that ATCO Electric's goal of achieving a zero injury culture is deeply woven into the fabric of the organization and that employees understand that at ATCO Electric, it's Safety First, Always.

ATCO in the North

Aaron Ingram, Journeyman Lineman, Yukon Electrical, works on an electrical line at a customer location in Whitehorse, YT.

For more than a century, the ATCO Group of Companies has been building mutually beneficial relationships with northern partners.

NORTHLAND UTILITIES

Northland Utilities Enterprises has delivered energy since 1951 with ownership shared between the Denendeh Development Corporation (14 per cent) and ATCO Electric. The company serves nine communities and the majority of customers in the Northwest Territories, including Yellowknife and Hay River. Northland Utilities is a full-service electrical company providing retail, distribution, transmission and generation services to its customers. The company has two operating divisions: Northland Utilities (NWT) Limited and Northland Utilities (Yellowknife) Limited.

Northland Utilities (NWT) provides electricity to 2,700 customers in Hay River, Trout Lake, Kakisa, Dory Point, Fort Providence, Wekweeti, Enterprise and K’atlo’deeché First Nation. Northland Utilities (Yellowknife), serves approximately 8,000 customers in Yellowknife and neighbouring N’dilo.

In 2011, General Rate Applications (Phase 1) were successfully negotiated with Yellowknife, Hay River and Fort Providence. The positive relationships with the communities resulted in no Phase 1 hearings for all the applications.

In the community of Fort Providence a franchise extension was negotiated for an additional 10 years and in Hay River the franchise extension was negotiated for another five years until 2016.

Northland Utilities in Yellowknife successfully completed phase seven of its multi-year eight-phase 25 kilovolt (kV) conversion project in Yellowknife. The eight-year, \$24 Million project included the construction of three new 25 kV substations and removal of seven old 5 kV substations, including a significant retrofit to the existing electrical system.

The conversion provides a higher level of safety, reliability and power efficiency.

YUKON ELECTRICAL

Yukon Electrical Company Limited has been providing electrical service for more than a century. Chartered in 1901, the pioneer company, which began generating electricity for the residents of Whitehorse using a wood-fired, horizontal piston steam engine, has grown to serve more than 16,000 customers in 19 communities from south of the Yukon border to north of the Arctic Circle. The company’s head office and service centre is in Whitehorse.

In 2011, Yukon Electrical took several steps to address growth in the Yukon that is challenging the electrical system.

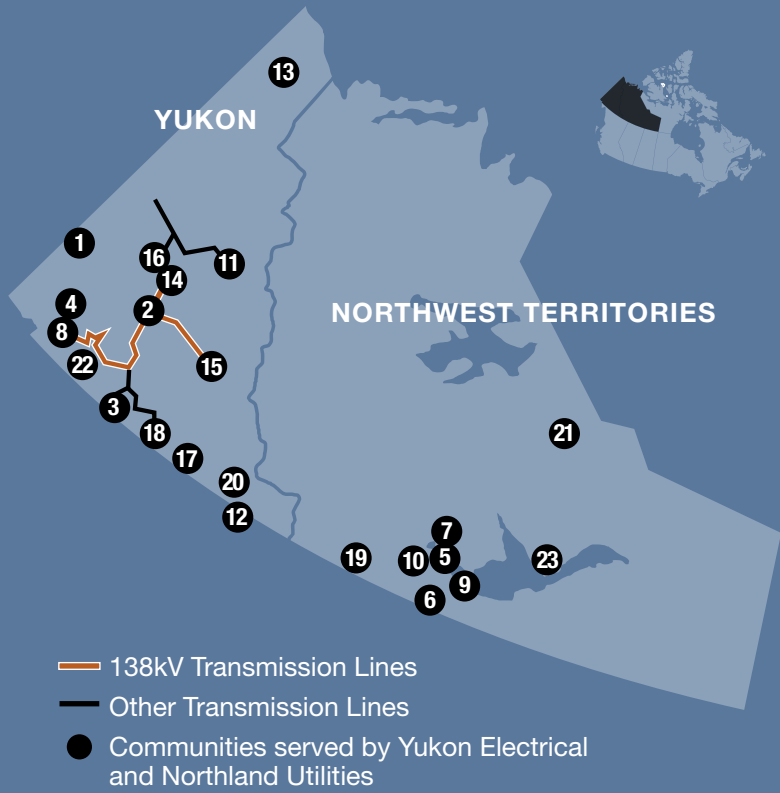
The Whistle Bend subdivision infrastructure capital project was undertaken to address the unprecedented expansion in Whitehorse. This neighbourhood will ultimately be home to 8,000 residents and is projected to begin releasing lots for sale in 2012 and 2013. Yukon Electrical will service this new mixed residential and commercial community in the city of Whitehorse, which currently is home to approximately 25,000 residents. Yukon Electrical invested \$2.7 Million in capital expansion in the development in 2011.

A Demand-Side Management Project was created in partnership with Yukon Energy and the Territorial Government to look at ways to reduce electrical consumption. Last summer, the company took to the road to talk to Yukoners about a future electrical conservation program, visiting remote service locations including Burwash Landing, Ross River and the fly-in community of Old Crow.

SAFETY

As part of its ongoing safety initiatives, both Yukon Electrical and Northland Utilities began the rollout of ATCO Electric’s Safety First, Always program and other elements of ATCO Electric’s safety culture.

ATCO Northern Service Area



- | | |
|-----------------------------------|---------------------|
| 1 Beaver Creek | 15 Ross River |
| 2 Carmacks | 16 Stewart Crossing |
| 3 Carcross/Tagish | 17 Swift River |
| 4 Destruction Bay/Burwash Landing | 18 Teslin |
| 5 Dory Point | 19 Trout Lake |
| 6 Enterprise | 20 Watson Lake |
| 7 Fort Providence | 21 Wekweeti |
| 8 Haines Junction | 22 Whitehorse |
| 9 Hay River | 23 Yellowknife* |
| 10 Kakisa | |
| 11 Keno | |
| 12 Lower Post, BC | |
| 13 Old Crow | |
| 14 Pelly Crossing | |

* Includes the First Nations community of N’dilo.



(L-R) Craig Urwin and Lyndsey Kvatum, Special Equipment Operators, and Matt Olineck, Distribution Operator, ATCO Gas, stop the flow of natural gas to a main in Edmonton, AB in preparation for repair.

ATCO Gas builds, operates and maintains a safe, reliable, and cost-effective network of natural gas distribution pipelines of more than 38,000 km and provides service to municipal, residential, business and industrial customers.

ATCO Gas is Alberta's largest natural gas distribution utility serving more than one million customers in almost 300 Alberta communities with delivery rates that are among the lowest in Canada.

In addition to 24-hour response to natural gas emergencies, ATCO Gas provides safety and energy efficiency programs and services through ATCO EnergySense and the ATCO Blue Flame Kitchen, where friendly, professional advice on home safety and cooking is dished out.

In 2011, its ninety-ninth year serving Albertans, ATCO Gas appointed a new executive leader, Bill Stephens, to lead the company and direct the largest-ever capital infrastructure program undertaken by Alberta's largest natural gas utility. Formerly Vice President, Edmonton Operations, Mr. Stephens was appointed Senior Vice President and General Manager after former ATCO Gas President, Brian Hahn, became President of ATCO Gas Australia (see story page 20).

CAPITAL INFRASTRUCTURE PROGRAM

The ATCO Gas capital infrastructure program is aimed at enhancing system integrity and reliability and ensuring public safety. Two major projects form the core of the capital program: the automated meter reading (AMR) program and the natural gas pipeline mains replacement project.

In spring 2011, ATCO Gas began implementing AMR technology. Over a three-year period, one million natural gas meters will be retrofitted with Encoder Receiver Transmitter units. The technology is used to transmit usage data to mobile collectors, which enables ATCO Gas to accurately read meters every month without entering customers' homes, yards or businesses. The community of Cochrane, west of Calgary, was selected as the pilot community.



(L-R) Nick Bunting and Ryan Buelow, Distribution Operators, ATCO Gas, replace a residential natural gas meter at a townhouse complex in Edmonton, AB.

As part of its ongoing commitment to the safety and reliability of its natural gas distribution system, in 2011, ATCO Gas enhanced its pipeline replacement program consisting of two components. The Urban Mains Replacement project involves the replacement of steel gas mains in urban areas. The Rural Mains Replacement project focuses on the replacement of all polyvinyl chloride and early-generation polyethylene pipe, found primarily in rural areas.

NATURAL GAS AND SAFETY

As part of its ongoing commitment to public safety, ATCO Gas revisited its longstanding annual safety campaigns. The Call Before You Dig

damage prevention program educates homeowners and contractors on how to avoid hitting underground utility lines. It promotes the free Alberta One-Call line-locate service and educates customers on safe digging techniques.

ATCO Gas also relaunched its carbon monoxide safety campaign. The campaign educates customers on the dangers of carbon monoxide, its sources, and how

ATCO Gas Service Area



proper maintenance of fuel-burning appliances can avoid carbon monoxide build-up in the home.

On Aug. 1, for the first time in its history, ATCO Gas marked one year with no lost-time incidents. In addition, the company celebrated the achievement of retired ATCO Gas Manager of Health, Safety, Environment and Quality, Garry Fink, who received the prestigious Career Safety Achievement Award from the Canadian Gas Association.

The ATCO Energy Theatre was the recipient of two awards, one national, for its excellence in promoting natural gas and electricity safety. The Energy Theatre’s unique approach uses “edu-tainment” to teach elementary school children important safety lessons about electricity and natural gas.

ENVIRONMENTAL INNOVATION

In 2011, ATCO Gas added to its complement of environmentally friendly, customer-focused operations centres with the opening of the Airdrie Operations Centre. The centre is the third ATCO Gas facility to make use of geothermal heating, cooling and ventilation technology powered by natural gas.

In November, the Drake Landing Solar Community project in Okotoks, south of Calgary, was honoured with two awards at the Energy Globe Foundation Awards in Wels, Austria. Drake Landing won the Energy Globe World Award in the Fire category as well as the overall Energy Globe World Award. Close to 90 per cent of the residential community’s energy needs are met by stored solar thermal energy—a world first. During the summer months, energy from the sun is captured and stored to provide home heating throughout the year. ATCO Gas collaborated with all three levels of government and the private sector on the construction of the world-class community and currently operates the solar-based heating system.

ATCO Blue Flame Kitchen



(L-R) ATCO Blue Flame Kitchen’s Kids Can Cook program allows Annabelle, Abigail and Jaydn to gain hands-on cooking experience.

ATCO Blue Flame Kitchen celebrated the first year of operations for its Learning Centre in Calgary, building on its 80-year history of providing Albertans Expert Advice For Everyday Life. The facility expanded its offerings with several new programs aimed at promoting natural gas safety and energy efficiency in the home.

With input from teachers, ATCO Blue Flame Kitchen created the new Kids Can Cook school program that includes a fully interactive, curriculum-based learning experience for Grades 5 and 6 students. Hosted in Calgary’s Learning Centre, the program introduces students to cooking skills, kitchen safety and energy safety and efficiency.

The Calgary Learning Centre also delivered cooking classes and Lunch N’ Learn demonstrations that explored different cuisines and cooking techniques, ranging from Stocks & Sauces and Pasta & Gnocchi to Irish Inspirations and Experience Vietnam.

Through the toll-free number (1-877-420-9090), ATCO Blue Flame Kitchen professional home economists continued to answer Albertans’ questions related to cooking, food safety and preservation, energy safety and efficiency, stain removal and other household concerns.

As always, ATCO Blue Flame Kitchen continued its tradition of producing practical, delicious recipes with two new cookbooks in 2011: Everyday Delicious and the family favourite, Holiday Collection. Together with a line of kitchen essentials, the cookbooks are available for purchase at ATCO Blue Flame Kitchen’s online retail store (www.atcoblueflamekitchen.com).

In addition to monitoring ATCO Pipelines facilities 24/7 through its control centre, operations employees like Tim Corboy, Transmission Operator, visit facilities regularly to ensure proper safety and efficiency.

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

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

Headquartered in Calgary, with offices in Edmonton and facilities throughout the province, the key priorities for the company in 2011 were the Nova Gas Transmission Limited (NGTL) operating systems integration, pipeline integrity and system improvements, safety and the urban pipeline renewal program.

ATCO PIPELINES – NGTL OPERATING SYSTEMS INTEGRATION

Significant progress was made on the proposed Alberta system integration with NGTL. ATCO Pipelines and NGTL embarked on this initiative in the fall of 2008 and have continued to progress through various milestones. The arrangement will see integration of the companies' two separate operating systems, rates and customer service within Alberta. The companies will combine physical assets under a single rate and services structure, with a single commercial interface for customers; however, each company will separately own and manage assets within distinct operating territories throughout the province. It is expected that this model will end duplicative tolling and operational activities and will result in more efficient regulatory processes.

The commercial transition of customers was completed Oct. 1. All existing ATCO Pipelines commercial contracts have been terminated and customers are now being served by the Integrated Alberta System. Going forward, NGTL is responsible for the billing and collection of all tariff revenues from customers on the Alberta system, as well as management of the inventory of natural gas being transported on the system. ATCO Pipelines will continue to provide accurate customer measurement data from its facilities to NGTL to bill customers for transportation service.

To ensure system and service reliability, ATCO Pipelines will continue to address all operational issues for customers relating to its facilities within the Integrated Alberta System.

The next step is to receive approvals from the Alberta Utilities Commission and the National Energy Board relating to the process and details of the asset swap that will create the service territories. Once regulatory approvals are reviewed, the swap of assets will occur in phases, which are expected to begin in 2013.

BUSINESS GROWTH

Increased development of shale gas in North America has resulted in depressed drilling in and production from the Western Canadian Sedimentary Basin. This development also has kept the price of natural gas at low levels. The continuing low price is forecast to make natural gas a preferred fuel for industrial use and demand is expected to rise.

To ensure ATCO Pipelines fully understands and can anticipate the future natural gas transportation requirements of existing receipt and delivery customers, the company will continue to develop and strengthen these relationships. It is critical to the overall growth of the Alberta system that ATCO Pipelines work with its partner, NGTL, to plan and develop new infrastructure to meet demand going forward.

CAPITAL PROGRAM

In 2011, ATCO Pipelines increased its capital program to \$112 Million, compared to \$84 Million in 2010 and \$88 Million in 2009. The increase is attributed to facility upgrades, improvements, increased inspections, and progress on urban pipeline relocation projects.

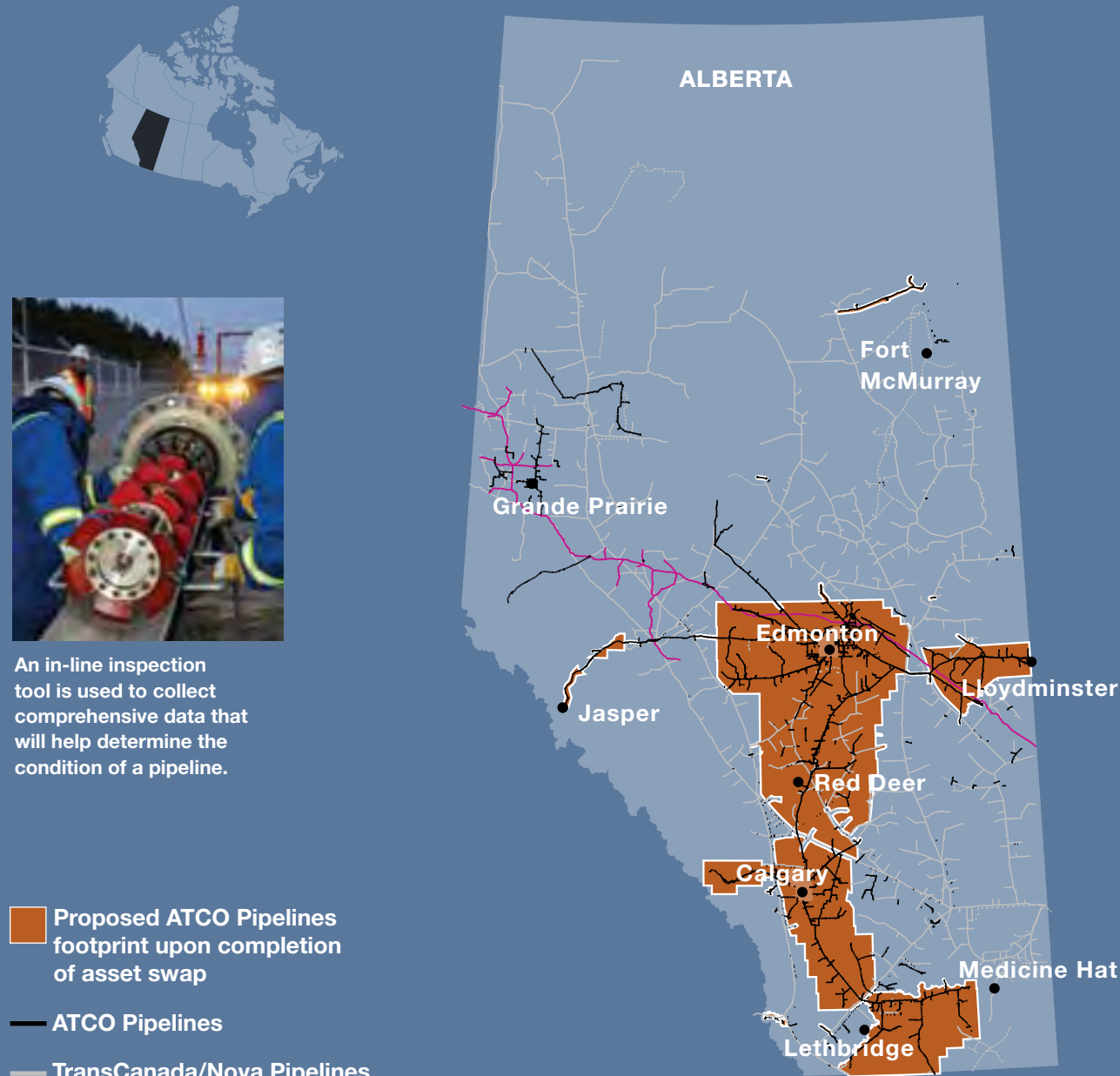
ATCO Pipelines continues its rigorous annual preventive inspection and maintenance program to ensure that facilities operate safely and reliably. More in-line inspections were completed in 2011 than in any previous year and the company continues to deploy new technology to monitor the integrity of its pipelines system and facilities.

PIPELINE EXPANSION AND UPGRADE PROJECTS

In 2011, ATCO Pipelines completed phase 3 of the Southern Extension Replacement Project, which consisted of 64 km of mainline construction. The total budget for all three phases was approximately \$100 Million.

The 180 km pipeline serves Red Deer, Blackfalds, Lacombe, Ponoka, Wetaskiwin and Camrose, as well as

ATCO Pipelines Alberta System Operations Area



An in-line inspection tool is used to collect comprehensive data that will help determine the condition of a pipeline.

Once ATCO Pipelines and Nova Gas Transmission Limited complete the asset swap, the Alberta natural gas system will be fully integrated. The different coloured areas depict two distinct operating territories for each company going forward.

neighbouring First Nations communities and rural customers across central Alberta.

Throughout the project, ATCO Pipelines proactively worked with and engaged the surrounding communities to determine and agree on the best route for constructing the pipeline. In addition, the project required an unusually large volume of logistical planning to address highway, road and river crossings. Agreements were negotiated with approximately 320 landowners.

Through careful coordination with ATCO Gas, construction of all three phases was completed without any service interruptions.

URBAN PIPELINE RENEWAL PROJECT

Improving the safety and reliability of the high-pressure natural gas transmission systems in Alberta's two major urban centres of Calgary and Edmonton is a major initiative that ATCO Pipelines undertook in 2010. The company is planning to build high-pressure natural gas transmission pipelines within existing transportation utility corridors surrounding the two cities, away from the highly developed and populated areas where the pipelines are currently located. The existing pipelines were built more than four decades ago and, over time, these pipelines have become surrounded by urban growth.

Construction commenced in 2011 and the first pipeline segment in northwest Edmonton has been commissioned. In 2012, the plan includes construction of three new pipeline segments in the Calgary area, with additional construction in Edmonton and Calgary continuing through 2015.

COMMUNITY AND SAFETY

ATCO Pipelines implemented an Aboriginal Education Awards Program aimed at supporting Aboriginal students from First Nations communities in close proximity to the company's facilities. Scholarships were presented to 26 students from 11 different nations who demonstrated leadership capabilities and strive to be role models in their schools and communities.

ATCO Pipelines employees continue to demonstrate a strong safety culture and have worked 5.3 million hours over the last nine consecutive years without a lost-time injury.



ATCO EnergySense provides comprehensive evaluations of the energy efficiency potential of homes and commercial buildings. (Pictured: Nick Bunting, Distribution Operator, ATCO Gas.)

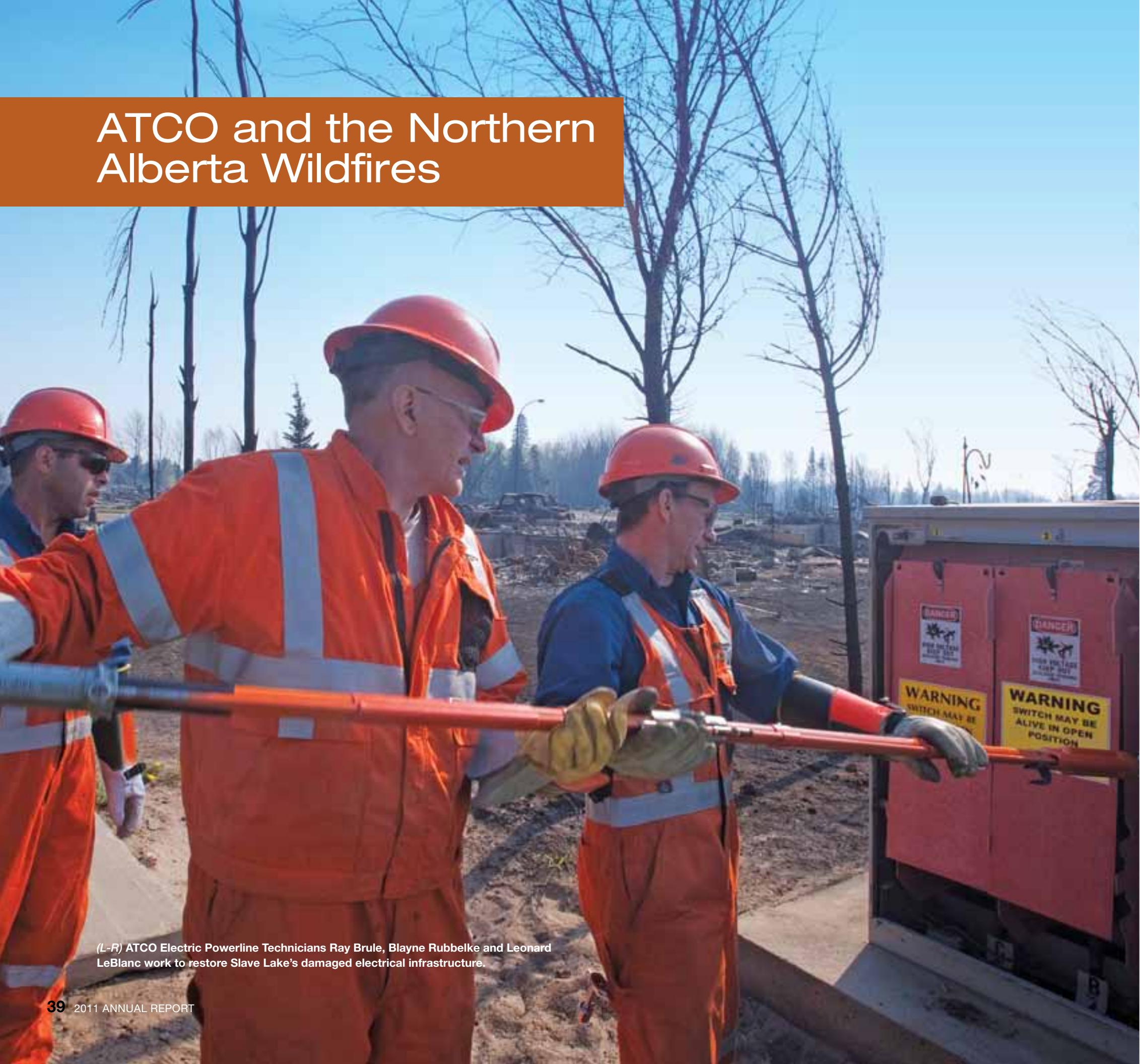
ATCO EnergySense continued to have a strong presence across Alberta, providing ATCO Gas and ATCO Electric customers with energy efficiency advice and energy assessments for their homes and businesses.

ATCO EnergySense experienced an increase in the number of residential and commercial energy assessments in large measure due to the Government of Canada's popular ecoENERGY Retrofit Homes program.

Since the launch of the ATCO Energy Education Mobile in 2010, the traveling classroom has visited more than 70 Alberta communities. Through interactive learning stations, the self-contained classroom on wheels teaches the importance of Alberta's energy resources to school-aged children.

To date, nearly 9,000 students have taken part in the unique learning experience. Additionally, nearly 27,000 Albertans have visited the ATCO Energy Education Mobile at various events throughout the province.

ATCO and the Northern Alberta Wildfires



(L-R) ATCO Electric Powerline Technicians Ray Brule, Blayne Rubbelke and Leonard LeBlanc work to restore Slave Lake's damaged electrical infrastructure.



Main distribution lines were restored and re-energized in less than a week after the fire.

Managing a crisis of this magnitude doesn't just happen. It requires a coordinated, controlled approach.

The wildfires that swept through northern Alberta last year left behind an unprecedented trail of destruction. Homes, businesses, utilities, industrial installations, whole communities were turned to ash. The communities of Red Earth Creek, Whitefish, the Gift Lake Metis Settlement and surrounding rural areas were affected. But none were hit as hard as Slave Lake and the Municipal District of Lesser Slave River. With 30 per cent of the town of Slave Lake destroyed, the community of 7,000 was declared a major disaster.

ATCO has been providing natural gas and electricity to the area for more than 60 years, and as one of the largest local employers, the company was hit particularly hard. Out of the more than 100 employees living in Slave Lake, 26, including two pensioners, lost their homes. The toll taken on ATCO's facilities and infrastructure was also unprecedented. A total of 773 power poles were destroyed. An additional 312 were damaged. Eighty-three transformers and 72 pedestals were lost as well as numerous streetlights and pieces of specialty equipment



(Left photo) Over 600 ATCO employees, like Ashley Svelca, Service Point Representative, ATCO Electric, work to restore electricity to 182 homes and businesses and natural gas to 146 customers. *(Right photo: L-R)* Leonard LeBlanc and Danny Schmode, ATCO Electric; Jordan Tonsi; Mitch Carriere, ATCO Gas; Sean Hynes and Terry Tonsi, ATCO Electric, pose for a photo at the Lesser Slave Regional Fire Service Hall in Slave Lake.

serving oilfield customers. Also damaged were three major transmission feeds that served Slave Lake, creating a worst-case scenario.

With most of their infrastructure located safely underground, damage to ATCO Gas's assets was not as substantial. The company replaced nearly 400 residential and commercial natural gas meters that were destroyed by fire. However, ATCO Gas was faced with the largest relight initiative in its history after, at the request of the Slave Lake Fire Chief, shutting off gas service to the community of Slave Lake.

The crisis reached its peak May 15, 2011, when the Town of Slave Lake declared a state of emergency and a mandatory evacuation was ordered. Strong winds with 100 km-per-hour gusts had pushed the fire dangerously close to the town. While thousands fled, many ATCO people voluntarily stayed behind, some of them volunteer fire fighters.

Approximately 68 volunteer firefighters from the Lesser Slave Lake Regional Fire Service, including several ATCO employees, risked their lives to battle the wildest fire they had ever seen. (Eventually, representatives from 30 Alberta fire departments and 300 firefighters shared the work.) Despite their heroic efforts, it was no match for the ensuing inferno that would sweep through the town. In a matter of hours, flames consumed the town's hall, its infrastructure and more than 700 homes, apartments and businesses in the Slave Lake region.

More than 10,000 ATCO Gas and ATCO Electric customers in the region were without gas and power. Both ATCO companies engaged their emergency response plans that included mobilizing crews to the Town of Slave Lake and other communities affected by the fire. Working closely with the Government of Alberta, local municipal officials and other agencies, the top priority was

ensuring the safety of residents and restoring services. ATCO Electric established incident command centres in Slave Lake and High Prairie, while a central Emergency Operations Centre was established in Edmonton. To coordinate its customer relights, ATCO Gas also established an incident command centre in Slave Lake and a centralized Emergency Operations Centre in Sherwood Park.

ATCO Structures & Logistics was called in to assist and quickly identified a suitable location to construct a 200-person temporary camp. The camp would be used to house the ATCO Gas and ATCO Electric employees required to restore essential gas and electricity services to the town. Early estimates indicated it would take up to two months to restore water, phone, gas and electric utilities. Through collaborative effort of all utilities and the municipalities, utilities were restored within two weeks.

ATCO modular units, generators, fuel and equipment arrived on site

and the ATCO Structures & Logistics team worked up to 17 hours-a-day, to construct a camp in seven days that would normally take three weeks to complete.

ATCO I-Tek provided additional support. The company restored email, server and BlackBerry access for local staff, re-routed phones and established a special area of the ATCO Gas and ATCO Electric Call Centres to deal specifically with incoming calls about the outages throughout northern Alberta. It also quickly set up technological requirements for ATCO Electric's emergency operations centre in Edmonton and provided web space for a website specifically for ATCO employees.

ATCO employees from across the province came to assist. About 400 ATCO Electric and 200 ATCO Gas employees and several contractors, some who had lost their homes, worked tirelessly to restore power and gas.

Within a few hours of the fire entering the town, power was restored to the airport, all hotels and the municipal operating centre. The following day, several ATCO Gas and ATCO Electric crews were on

the ground in Slave Lake beginning service restoration. Days later, ATCO Electric energized transmission feeders and main distribution lines while ATCO Gas was isolating its pipeline system, re-pressurizing gas and testing each metre of pipe for damage.

In preparation for the return of Slave Lake and area residents, ATCO Gas and ATCO Electric restored services to residential meters. Before homes were energized, homeowners had the opportunity to ensure their homes were safe. On May 25, residents were permitted to return to their homes in a multi-phase re-entry plan. The first phase included medical professionals and essential service providers like RCMP, utility workers and Town of Slave Lake employees. The following day, essential business owners were allowed to return. On the third day, all residents were welcomed home. A placard system was devised to manage mass utility hook-ups. Residents placed coloured placards in their windows to indicate which services needed restoration.

Outside the Slave Lake area, ATCO Electric crews installed a diesel generator to serve the

Gift Lake Métis settlement while repairing the main distribution and transmission infrastructure that fed the communities. At the same time, ATCO Electric Forest Operations began removing hundreds of thousands of damaged trees and mowing more than one million square kms of dead brush.

With more than \$700 Million in claims, the Slave Lake wildfires amounted to the second-costliest natural disaster in Canadian history (after the 1998 ice storm in Ontario and Quebec).

Touched by tragedy, the men and women across the ATCO Group of Companies donated more than \$91,000 in less than one month to help their fellow employees in Slave Lake. Their donation was matched by ATCO for a total of more than \$183,000. In addition, ATCO donated two 8,700 gallon water tanks to the Lesser Slave Lake Regional Fire Service. The tanks previously provided water for the temporary work camp ATCO constructed. When the facility was no longer required, ATCO gifted the water tanks to assist the local fire department with its live fire training exercises.



ATCO Structures & Logistics mobilized a 200-person temporary housing facility to Slave Lake to accommodate ATCO workers restoring power and gas service to the affected areas. The camp, which would normally take three weeks to complete, was constructed in just seven days.

Energy

The Energy business segment includes ATCO Power, ATCO Midstream, and ATCO Energy Solutions. These companies are engaged in power generation and natural gas gathering, processing, storage and liquids extraction.

ATCO Power's Battle River Generating Station in Forestburg, AB has provided consistent, reliable, economic power to Albertans for more than 40 years.

The Sheerness Power Generating Station in Hanna, AB, generates 760 megawatts.

ATCO Power is a world-class developer, construction manager, owner and operator of 15 technologically advanced and environmentally progressive independent power generation plants known for its strong safety record and for the reliability of its generating units.

On Jan. 1, 2011, three of ATCO Power's generating facilities in Australia were transferred to ATCO Australia (see story page 17).

With a combined capacity of 4,590 megawatts (MW), ATCO Power operates 15 generating facilities in Canada and the United Kingdom: 12 facilities fuelled by clean natural gas, one emissions-free hydroelectric facility and two coal-fired plants.

POOL PRICES AND STRONG RESULTS

In 2011, pool prices for electricity reached near record highs in Alberta as generation facilities operated by others came offline in December 2010. ATCO Power experienced a strong year with high overall availability due to superior operational performance at its Canadian generating facilities and the reduction in megawatt capacity in the Alberta market.

Running at 93.3 per cent availability for the Canadian fleet, ATCO Power's performance metrics are in the top quartile in the province. The company reached an operational milestone by completing nearly three million fired hours of experience on gas turbines over the past 57 years.

ATCO Power's 1,000 MW Barking Power Plant in east London came out of its long term contract at the end of 2010. The gas-fired generating facility was further affected by difficult conditions in the UK and operated approximately 25 – 35 per cent of the time in 2011. Management has been very successful in its efforts to operate in a challenging economic environment.

ATCO Power produced notable results in 2011. Solid financial performance allowed the company to accelerate debt repayment, positioning it for future growth.

With a return to growth, there is a focus on strengthening organizational leadership through employee development and recruitment. To facilitate future growth, resources are being added in several areas of the company including business development and construction. With the strength of the Alberta market, acquisitions and new build opportunities are also being investigated.

ENVIRONMENTAL PERFORMANCE

ATCO Power has an extensive track record of operating in an environmentally responsible fashion through innovative design and the highest standard of operations.

As the federal government moves forward with plans to reduce overall GHG emissions in Canada, ATCO

Power is actively engaged with both the provincial and federal governments to ensure the lowest costs for customers and value to share owners is realized while complying with all regulatory requirements. Under current proposed GHG regulations, ATCO will be able to continue to operate post PPA (Power Purchase Arrangement) Battle River Unit 3 until the end of 2016 and Battle River Unit 4 until the end of 2020. The

opportunity to continue to run these plants through this time frame provides certainty of supply in an otherwise tight market and price protection for consumers.

ATCO Power puts significant effort into protecting the value of its thermal assets which have a long history of providing safe, reliable and economical electricity. Over the years, the company has implemented technology solutions and progressive operating practices to help mitigate emissions. Both the Battle River and



Juhee Jain, Power Market Analyst with ATCO Power's Asset Optimization team, monitors and participates in Alberta's competitive and unique electricity market.

Sheerness stations have been equipped with mercury capture equipment designed to capture more than 70 per cent of the mercury contained in the coal.

ATCO Power continues to investigate technology solutions to reduce GHGs from its facilities. In 2011, ATCO Power participated in a proposal that involves installing new carbon capture technology at the Battle River generating station to test the ability to economically capture CO₂ from coal-fired flue gases.

ASHCOR TECHNOLOGIES

ASHCOR is an environmentally conscious company that markets the coal combustion products from ATCO Power’s coal-fired generating stations. By collecting the fly ash produced and recycling it in cementing materials, ASHCOR is able to create value in a by-product that would normally go to a reclamation site. These recycled products contribute to the sustainability of the construction materials industry and to the effort of controlling GHG emissions. For every metric tonne of cement displaced by fly ash, approximately one tonne less of CO₂ is released into the atmosphere.

While ASHCOR’s major market is concrete, ash applications have been expanded into highway and road applications, feedlots and parking lots. The company is currently pursuing opportunities in the mining and waste management sectors as well.

COMMUNITY COMMITMENT

ATCO Power continued its commitment to key community investment initiatives, especially in the area of education, where scholarships support the recruitment of power engineering graduates needed to staff power generation plants in rural Alberta communities, with scholarships at Southern Alberta Institute of Technology, Medicine Hat College and newly implemented at Northern Alberta Institute of Technology in 2011.

ATCO Power strongly supports the communities where it has people and operations, particularly at the large thermal generating plants located near Hanna and Forestburg, AB. In Forestburg, ATCO provided support for the building of a new recreation facility to replace an aging arena in the community. In 2011, ATCO Power spearheaded ATCO’s commitment to provide \$100,000 for the development of the Hanna Regional Community Services Centre, which is a family-oriented recreation and activity centre.

ATCO Worldwide Power Generation Facilities

Facility	Net Generating Capacity	Fuel Type
CANADA		
1 Battle River 3, 4 & 5	670 MW	Coal
2 Brighton Beach	580 MW	Natural Gas
3 Cory	260 MW	Natural Gas
4 Joffre	480 MW	Natural Gas
5 McMahon	120 MW	Natural Gas
6 Muskeg River	170 MW	Natural Gas
7 Oldman River	32 MW	Run-of-River Hydro
8 Poplar Hill	45 MW	Natural Gas
9 Primrose	85 MW	Natural Gas
10 Rainbow Lake 2	38 MW	Natural Gas
11 Rainbow Lake 4 & 5	90 MW	Natural Gas
12 Scotford	170 MW	Natural Gas
13 Sheerness 1 & 2	760 MW	Coal
14 Valleyview 1 & 2	90 MW	Natural Gas
UNITED KINGDOM		
15 Barking	1,000 MW	Natural Gas
AUSTRALIA		
16 Bulwer Island	33 MW	Natural Gas
17 Karratha	86 MW	Natural Gas
18 Osborne	180 MW	Natural Gas

GENERATING CAPACITY OPERATED 4,889 MW

GENERATING CAPACITY OWNED 2,743 MW

Effective January 2011, the three Australian generating facilities of ATCO Power were transferred to ATCO Australia (see page 17).



ATCO Midstream has been providing natural gas gathering, processing, storage and natural gas liquids extraction solutions to the Canadian energy producing sector for almost 20 years.

Over the last year, the company has focused on allocating resources to drive growth and executing plans to optimize its core business.

In March 2011, the Alberta Utilities Commission approved the transfer of the Carbon natural gas storage facility assets and associated properties from ATCO Gas to ATCO Midstream. Previously, the property had been leased by ATCO Midstream. The formal transfer of ownership allows ATCO Midstream to optimize the Carbon assets in an effort to better serve its customers.

A continued surplus of natural gas on the continent drove prices down, affecting the company's operation in 2011. Despite the challenges to the natural gas business, ATCO Midstream remains profitable, partly due to higher frac spreads. In 2011, the company sold more than 4.8 million barrels of natural gas liquids. With a growing demand for liquids – ethane, propane, butane and condensate – ATCO Midstream sees opportunities for growth in this area.

Last year, southeast Saskatchewan represented the single most active area in ATCO Midstream's business. The pace of development in the Bakken play, together with new provincial legislation requiring oil companies

to conserve natural gas, is creating demand for infrastructure and processing solutions. In 2011, the company continued to expand its gas gathering and processing offerings to area producers.

In Inuvik, ATCO Midstream owns a one-third interest in Inuvik Gas Ltd. Since 1999, two wells, located 50 km northwest of Inuvik at Ikhil, have supplied natural gas to Inuvik Gas, which in turn supplies natural gas to consumers in the remote community of 3,500 people. In March 2011, a workover performed on one of the wells failed to bring it back into service. A report on the life of the reserves indicated that remaining recoverable reserves are significantly less than originally anticipated.

As a precaution, in October 2011, the company, on behalf of Inuvik Gas, commissioned a propane air system to provide a short-term, back-up energy supply to the Town of Inuvik in the event of a natural gas outage.

ATCO Midstream continues to work with its partners, local officials and the Government of the Northwest Territories to assess options for a long-term natural gas solution for the community.

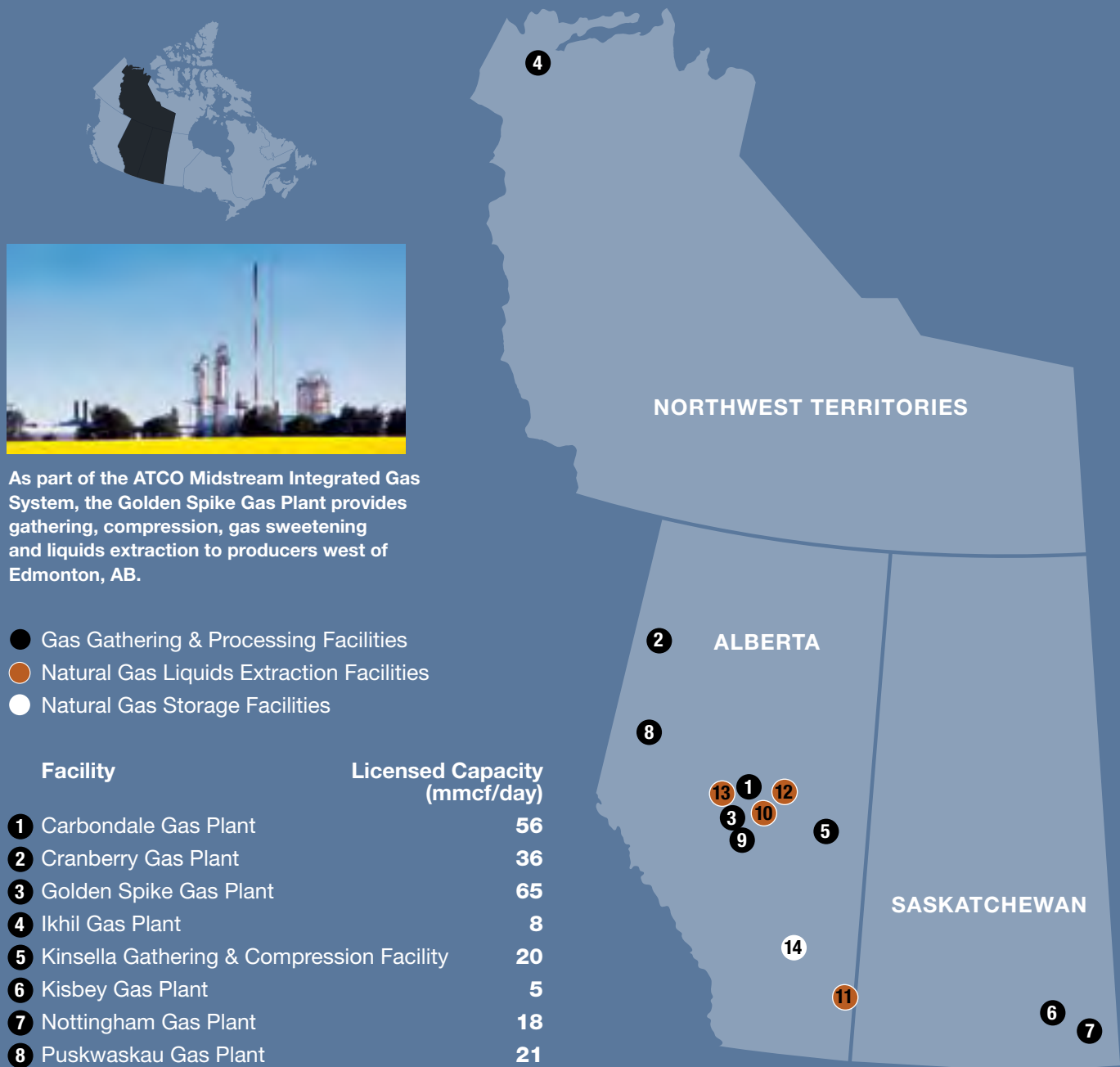
ATCO Midstream closed out 2011 with an impressive safety record. Six of the company's nine facilities obtained the distinction of 10- and 15-year records of no lost-time injuries.

The Fort Saskatchewan Natural Gas Liquids Extraction Facility received a Milestone Award from the Gas Processing Association of Canada recognizing an impressive 15 years of no lost-time incidents. (Pictured: Adam Gialet, Operations Relief, ATCO Midstream.)



Evan Taylor, Instrumentation, monitors a differential pressure gauge at an ATCO Midstream natural gas liquids extraction facility.

ATCO Midstream Facilities



Facility	Licensed Capacity (mmcf/day)
1 Carbondale Gas Plant	56
2 Cranberry Gas Plant	36
3 Golden Spike Gas Plant	65
4 Ikhil Gas Plant	8
5 Kinsella Gathering & Compression Facility	20
6 Kisbey Gas Plant	5
7 Nottingham Gas Plant	18
8 Puskwaskau Gas Plant	21
9 Watelet Gas Plant	20
10 Edmonton Ethane Extraction Plant	390
11 Empress Gas Liquids Straddle Plant	1,100
12 Fort Saskatchewan Ethane Extraction Plant	37
13 Villeneuve Ethane Extraction Plant	40
Working Gas Capacity (bcf)	
14 Carbon Natural Gas Storage Facility	40

Drawing on the diverse expertise of the ATCO Group of Companies, ATCO Energy Solutions builds, owns and operates non-regulated energy and water-related infrastructure.

The company is the point of contact in the ATCO Group of Companies for unique energy solutions that encompass a broad array of capabilities and geographies.

ELECTRIC TRANSMISSION AND SUBSTATIONS

ATCO Energy Solutions owns and operates non-regulated substations and transmission lines at several existing industrial complexes under long-term customer agreements. The company owns and operates approximately \$65 Million of non-regulated substations and transmission lines in the Fort McMurray and Fort Saskatchewan areas.

WATER TREATMENT AND TRANSPORTATION AND WASTEWATER SOLUTIONS

The company’s projects in 2011 were as diverse as its clients. In Alberta’s Industrial Heartland, ATCO Energy Solutions began construction of a water intake system that will feed the Northwest Upgrader. Backed by the Alberta government, the \$5.1 Billion dollar upgrader will process up to 50,000 barrels of bitumen per day and ATCO Energy Solutions is providing its raw water intake and transportation services. In addition to providing water services, the company is actively developing other potential projects in the area through the offering of energy services such as power, electric transmission, storage and pipelines.

ATCO Energy Solutions’ expertise in water services extends to the west-central Alberta town of Sundre. In 2011, the company began operation of Sundre’s newly constructed water treatment facility, providing safe and reliable potable water to the town’s 2,600 residents. The water system includes two groundwater wells, direct filtration, UV disinfection and chlorination. ATCO has a long-term contract with the town to operate the treatment facility.

EXPANSION IN THE INDUSTRIAL HEARTLAND

The company is moving forward to expand its operations and services. It intends to acquire the Muskeg River pipeline and excess industrial lands from ATCO Pipelines. Both requests for transfer of the assets are before the Alberta Utilities Commission. The pipeline is located at Shell’s Muskeg River Mine, supplying natural gas to its operation. The excess industrial lands are in the Fort Saskatchewan area and are anticipated to be used for underground storage and water opportunities in the Industrial Heartland.



An ATCO Energy Solutions back-up energy system is prepared for transport to Norman Wells, NWT, during a state of emergency in the community.

EMERGENCY ENERGY SUPPORT SERVICES

In 2011, the company’s responsiveness was put to the test when it rapidly mobilized a back-up energy system to serve Norman Wells after the community declared a state of emergency. As the Northwest Territories community prepared to be cut off from natural gas after a pipeline downstream was shut-in, ATCO Energy Solutions mobilized a propane-air distribution plant and seven staff members to keep the town’s gas distribution system operating.



ATCO I-Tek provides front-line service and customer care staff to support client needs and information technology solutions. (Pictured: Michelle Desnoyers, Team Lead, Security Projects, Information Security Office.)

From the office to the oil patch, ATCO I-Tek's end-to-end IT services keep clients connected and their business infrastructure systems running.

ATCO I-Tek specializes in customer care and billing, managed technology infrastructure services and application services. With a team of more than 730 professionals, two world-class data centres, and expertise in over 900 business applications, ATCO I-Tek is well positioned to help clients meet their critical business and IT needs around the corner and around the world.

Last year saw an increased focus on new business for ATCO I-Tek with the introduction of new products and services, new partnerships and alliance relationships, and the creation of a client and relationship-based engagement model.

INCREASED ASSET MANAGEMENT CAPABILITIES INTRODUCED

In 2011, ATCO I-Tek became an IBM systems integrator specializing in Maximo, a platform for asset management and the maintenance life-cycle process. As a preferred Canadian hosted Maximo provider, ATCO I-Tek can offer a scalable, service-oriented hosted model to effectively manage asset life cycles for its clients in multiple geographic locations worldwide.

METER DATA MANAGEMENT EXPERTISE

ATCO I-Tek established itself in the meter data management (MDM) field as a systems integrator throughout North America with the Itron and Oracle utilities solutions, and earned Gold Oracle Partner Network status in 2011.

Offering MDM solutions, ATCO I-Tek provides utility clients, moving towards automated management systems, improved functionality from connections to meter systems validations, meter inventory management, and data access, auditing and reporting.

With ATCO I-Tek's MDM integration, clients can make real-time decisions based on consumption and efficiency models, facilitating better monitoring, analysis and control to meet regulatory, environmental and consumption requirements.

2.5M

Approximate number of customer relationships

1.7M

Number of customer calls answered

12.2M

Number of statements printed and delivered

10.9M

Approximate number of payments processed

90,000

Number of IT client requests

97%

Help Desk problem resolution customer satisfaction rating

Aboriginal Partnerships

ATCO works to build and maintain mutually beneficial relationships with Aboriginal communities and their people in all aspects of its business. The company's approach is based on respect, trust and understanding of their interests.

The diversity of ATCO's businesses promotes the different types of relationships ATCO has developed and sustained with Aboriginal communities.

- ATCO Gas provides safe, reliable delivery of natural gas to 19 First Nations.
- ATCO Electric's and ATCO Pipelines' operations and activities lead both companies to work within the traditional territories of many of Alberta's First Nations. Together, these companies develop long-term working relationships with all 48 First Nations across Alberta.
- As a leading provider of infrastructure solutions, ATCO Structures & Logistics has the opportunity to form business partnerships with Aboriginal communities throughout Canada and Alaska. Currently, ATCO Structures & Logistics has two letters of intent signed with Aboriginal corporations; nine memorandums of understanding and eleven joint-venture agreements with First Nations or their representative corporations.

Existing relationships are as important as new ones. In 2011, ATCO continued to strengthen its relationships with Aboriginal communities across Canada. New partnerships include the St. Mary's Band in Cranbrook, BC, and the Haisla First Nation near Kitimat, BC.

The Haisla First Nation has approximately 1,580 people, approximately 800 of which live in the Kitimat Village at the head of the Douglas Channel on the northern BC coast. In July, ATCO Structures & Logistics announced that it is working with the Haisla to build a 1,500-person workforce housing project for Rio Tinto Alcan Inc. It is expected the joint-venture agreement will lead to other projects in the Haisla traditional territory.

In December 2011, ATCO Structures & Logistics signed a joint-venture agreement with Aq'am Community Enterprises to create economic opportunities related to camp construction projects, workforce housing, capital infrastructure development and urban infrastructure. Aq'am Community Enterprises is a development corporation wholly owned by the St. Mary's Band in southeastern BC, a region rich in natural resources. Together, ATCO and the St. Mary's Band intend to create business and employment opportunities that will have a positive impact on the St. Mary's community and its people.

ATCO's commitment in working with Aboriginal communities includes promoting sustainable communities and economic opportunities for future generations. The ATCO Group of Companies has developed and participated in many programs that focus on building and giving back to the communities.

In 2011, ATCO Pipelines launched an Aboriginal Education Awards program. Twenty six students from 11 First Nations, who demonstrated leadership capabilities and strive to be models in their schools and communities, received scholarships and bursaries. Celebrations in Edmonton and Okotoks were attended by award recipients, family members, community representatives, and education advocates from high schools and post-secondary institutions.

Other Aboriginal programs and sponsorships include:

- ATCO Electric's Aboriginal Awards and Scholarships:
 - Northern Alberta Institute of Technology - Aboriginal Tech Award; ATCO Electric Aboriginal Pre-Tech Award Of Excellence
 - Grande Prairie Regional College - ATCO Electric Aboriginal Bursary
 - Keyano College - ATCO Electric & ATCO Power Apprentice Electrician Scholarship; ATCO Electric & ATCO Power Engineering Technology Bursary; ATCO Electric & ATCO Power Electric Co-Op Power Engineering Bursary
 - Aurora College - ATCO Developmental Studies Scholarships; ATCO Continuous Academic Effort Scholarships
- ATCO Electric's Aboriginal Summer Student Program
- ATCO Structures & Logistics' Camp Services Training
- Alberta's Future Leaders Program for the First Nation community of Aseniwuche Winewak Nation near Grande Cache
- National Aboriginal Achievement Foundation and the National Aboriginal Achievement Awards
- Knowing Our Spirit Conference
- Dreamcatcher Charitable Foundation

As ATCO extends its businesses internationally, the company looks to its learning from the Aboriginal communities in Canada and Alaska to develop mutually positive relationships with other Aboriginal communities, such as those in Australia.

ATCO Pipelines supported the Maskwacis Pow Wow in Hobbema, AB.

The success of ATCO, both in business and in building and fostering relationships, cannot occur without the dedication and commitment of its people. Like the diversity of ATCO’s businesses, ATCO employees are from all heritages, including Aboriginal. Aboriginal employees play various roles in the ATCO Group of Companies from technicians to professionals to leaders in their respective fields.

“The innovation that ATCO has shown through its Aboriginal partnerships is exemplary. The Southern family has shown great inspiration and leadership in recruiting senior managers prepared to commit to understanding indigenous interests, concerns, and opportunities.”

-Calvin Helin
Author, *Dances with Dependency, Indigenous Success Through Self-Reliance*



Lillian Hvatum-Brewster
*Vice President, Northern Development,
ATCO Electric*

Lillian Hvatum-Brewster is an Inuvialuk from the inland community of Aklavik, located in the MacKenzie Delta of the Northwest Territories. She joined ATCO Frontec (now ATCO Structures & Logistics) in 1988 as Senior Manager, Aboriginal Programs. Since then, she has held numerous pivotal roles that have been fundamental to the growth of the company. In 2005, she was appointed Vice President, Aboriginal Business Relations for ATCO Structures & Logistics, and was responsible for developing partnerships and joint ventures with many Aboriginal groups and businesses across the Northwest Territories, Nunavut, Yukon Territory, Nunavik, Labrador and Alaska. Currently, she is Vice President, Northern Development for ATCO Electric, and is responsible for identifying business opportunities related to hydro development and opportunities that complement existing electric services and joint-venture projects in the North.



Jay Massie
*Superintendent of Operations & Maintenance,
Yukon Electrical Company*

Jay Massie is from the Ta’an Kwäch’än First Nation located in Yukon Territory. He began working with ATCO as a summer student in 1989. Twenty-three years later, he is the Superintendent of Operations & Maintenance for Yukon Electrical. Leading a team of 34, he ensures that electrical service is provided to more than 15,000 customers in 19 communities from south of the Yukon border to north of the Arctic Circle.



Major (Retired) Robert (Bob) Crane
*Senior Manager, Business Development,
ATCO Structures & Logistics*

Bob Crane is a Status Indian from the Siksika (Blackfoot) First Nation in Alberta. In 1999, Bob Crane was the highest-ranking Aboriginal in the Canadian Military when he retired from the Force and then joined ATCO Frontec (now ATCO Structures & Logistics) as a Senior Manager. He has served in many locations globally throughout his career and has been integral to the successes of several projects in Bosnia-Herzegovina, Afghanistan, Kosovo and Haiti.



Brian Roy
*District Manager,
ATCO Electric*

Brian Roy is Métis, and has been with ATCO for 21 years. Over the years, Mr. Roy has taken on various roles including Plant Operator, Supervisor of Generation, Supervisor of Operations, and Plant Technical Supervisor. Currently, as District Manager for ATCO Electric, he is actively involved in building and maintaining ATCO Electric’s relationships with communities in the Bonnyville area, including Cold Lake First Nation, Frog Lake First Nation, Kehewin First Nation, Saddle Lake First Nation, Whitefish (Goodfish) First Nation, Elizabeth Métis Settlement and the Fishing Lake Métis Settlement.



Brian R. Bale
Senior Vice President &
Chief Financial Officer

Financial Excellence 2011

The ATCO Group continues to deliver share owner value by focusing on businesses that generate reliable earnings while still creating the

opportunity for premium returns through exposure to select commodity markets. In 2011, the ATCO Group not only generated record earnings, but also enhanced its ability to deliver long-term share owner value. This was accomplished by continued growth of ATCO Structures & Logistics, acquiring a gas distribution utility in Australia, ongoing significant investment in Alberta infrastructure, and further enhancing its already strong financial position.

RELIABLE EARNINGS WITH AN OPPORTUNITY FOR PREMIUM RETURNS

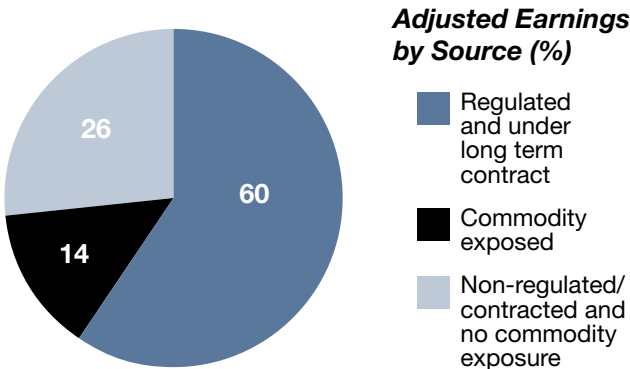
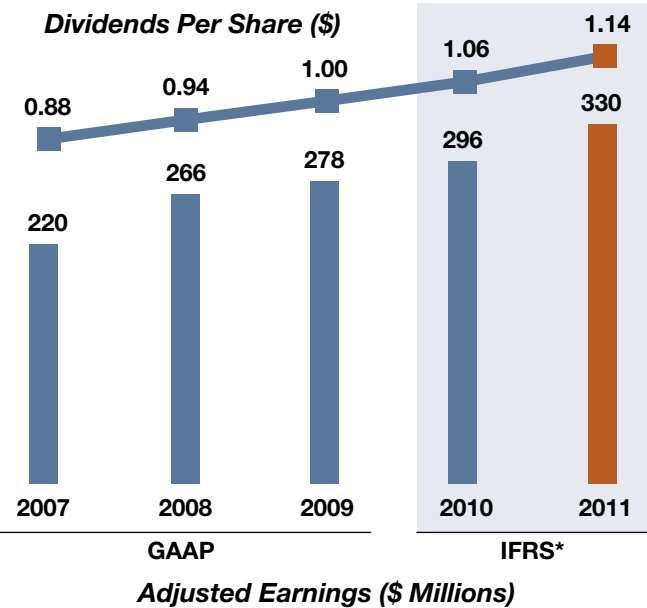
Regulated utility and other long-term contracted operations contributed approximately 60 per cent of total Adjusted Earnings in 2011, providing a solid foundation of reliable earnings. The ATCO Group maintains a moderate level of exposure to select commodity markets, which provides the opportunity for premium returns. While commodity pricing in the natural gas storage business of ATCO Midstream remains at depressed levels, electricity pricing in the Alberta merchant power market was very robust in 2011. ATCO's exposure to this power market enabled the Energy segment to deliver stronger earnings for the year.

The high proportion of earnings generated from regulated and long-term contracted operations, along with a significant history of earnings growth, has enabled ATCO to consistently increase its dividend every year since 1993. In January 2012, ATCO announced a first quarter dividend increase of 15 per cent.

* Adjusted Earnings under IFRS are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate regulated activities, as well as one-time gains and losses and items that are

not in the normal course of business or a result of day to day operations. Descriptions of the adjustments for 2010 and 2011 are provided in the Segmented Information note of the 2011 Financial Statements and for 2007, 2008 and 2009

are provided in the Significant Non-Operating Financial Items section of the Management's Discussion & Analysis for those years that is available on SEDAR.



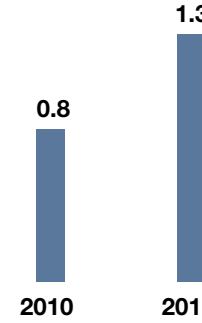
GROWTH FROM DIVERSIFIED BUSINESSES

ATCO Structures & Logistics continues to drive the strong performance of ATCO. ATCO Structures & Logistics contributed a record \$89 million of Adjusted Earnings in 2011, representing 27 per cent of ATCO's consolidated earnings. The company's success has been underpinned by strong execution and the customization of fully integrated solutions for its customers. A focus on serving the unique needs of each customer, along with robust global resource activity, is expected to deliver continued growth at ATCO Structures & Logistics.

In early 2011, the launch of ATCO Australia was announced to reflect the company's continuing focus on diversification and intention to expand its Australian presence. The \$1.1 Billion acquisition of ATCO Gas Australia in July 2011 provides enhanced geographic diversification benefits and a strong regulated utility base from which to make further investments in Australia. There are numerous opportunities for continued growth in the region due to strong demand for energy infrastructure in support of resource development activity. The ATCO Group is well positioned to realize on future Australian growth opportunities.

The significant ongoing investment in the Utilities segment provides a solid foundation for continued growth in Alberta. Capital expenditure in the Utilities totalled \$1.3 Billion in 2011, a 67 per cent increase over 2010 levels. The need for this investment is fuelled by both system expansion and replacement of aging infrastructure. Utility capital expenditures, inclusive of the \$1.6 Billion Eastern Alberta Transmission Line project, are expected to be \$6 Billion over the 2012-2014 timeframe. This capital program, if fully achieved, would result in an approximate doubling of the size of the Utilities as compared to 2010 levels.

Utilities Capital Expenditures (\$ Billions)



FINANCIAL STRENGTH

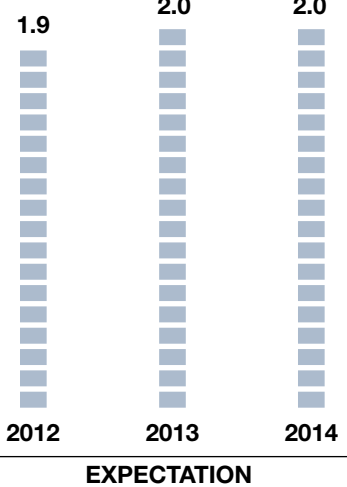
ATCO is committed to maintaining strong investment grade credit ratings. This commitment, which is supported by conservative financial policies, directly resulted in an improvement to ATCO Gas Australia's credit ratings within months of the acquisition closing.

In 2011, the ATCO Group completed more than \$3 Billion of financing activity to support the company's value creating growth initiatives. This included approximately \$2 Billion in Canadian and Australian bank financing, and more than \$1 Billion in Canadian capital markets issuance.

The bank financings resulted in \$800 Million of additional liquidity and extended the term of existing loans. This strengthens the company's financial position and better enables it to execute on the large capital program, even in the face of potentially unfavourable capital market conditions. The ATCO Group's liquidity position is not only supported by its available credit facilities, but also by \$755 Million of cash balances as at Dec. 31, 2011.

The capital markets financing included a \$325 Million Equity Preferred Share offering and raising \$700 Million in long-term bonds, the company's largest ever debt issuance. As a further demonstration of the company's financial strength and strong access to capital, \$200 Million of the bonds were issued with a maturity of 50 years, a term rarely seen in the Canadian market and only accessible to a select few companies.

Through businesses that generate reliable earnings with the opportunity for premium returns, a strong financial position, and a broad and diverse platform for continued growth, the ATCO Group is committed to delivering long-term share owner value.



Consolidated Annual Results

(Millions of Canadian dollars, except as indicated)	IFRS ⁽¹⁾		GAAP ⁽²⁾		
	2011	2010	2009	2008	2007
EARNINGS STATEMENT					
Revenues	3,991	3,486	3,109	3,266	2,902
Earnings attributable to Class I and Class II shares	327	281	283	272	249
Adjusted earnings ⁽³⁾					
- Structures & Logistics	89	74	61	51	41
- Utilities	124	126	102	75	66
- Energy	86	76	105	123	101
- ATCO Australia	10	9	5	4	6
- Corporate & Other and eliminations	21	11	5	13	6
Adjusted earnings ⁽³⁾	330	296	278	266	220
BALANCE SHEET					
Cash ⁽⁴⁾	755	645	1,020	848	822
Total assets	12,453	10,084	9,955	8,669	8,014
Capitalization					
- Long term debt	4,389	3,090	3,158	2,905	2,648
- Non-recourse long term debt	378	422	497	561	661
- Preferred shares	-	-	150	150	150
- Non-controlling interests	2,500	2,202	2,230	1,948	1,835
- Share owners' equity	2,163	1,978	2,010	1,770	1,571
Capitalization	9,430	7,692	8,045	7,334	6,865
CASH FLOW STATEMENT					
Funds generated by operations ⁽⁵⁾	1,514	1,234	935	924	809
Capital expenditures⁽⁶⁾					
- Structures & Logistics	132	98	41	90	120
- Utilities	1,316	788	776	853	589
- Energy	33	26	81	90	55
- ATCO Australia	23	27	70	28	2
- Corporate & Other	24	13	19	21	12
Capital expenditures ⁽⁶⁾	1,528	952	987	1,082	778
RATIOS					
Return on equity (%)	15.8	14.6	15.0	16.3	16.6
Earnings per share (\$)	5.65	4.83	4.89	4.71	4.29
Dividends paid per share (\$)	1.14	1.06	1.00	0.94	0.88
Equity per share (\$)	37.47	34.15	34.52	30.64	27.18
Class I Non-Voting closing share price (\$)	60.24	59.15	46.17	38.00	55.21
Class II Voting closing share price (\$)	59.31	59.20	45.84	38.46	54.50

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

- (1) Financial results for the years ended December 31, 2010 and 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS).
- (2) Financial results for the years ended December 31, 2007, 2008 and 2009 have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) in effect prior to the adoption of IFRS.
- (3) Adjusted earnings under IFRS are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate regulated activities, as well as one-time gains and losses and items that are not in the normal course of business or a result of day to day operations. Descriptions of the adjustments for 2010 and 2011 are provided in the Segmented Information note of the 2011

Financial Statements and for 2007, 2008 and 2009 are provided in the Significant Non-Operating Financial Items section of the Management's Discussion & Analysis for those years that is available on SEDAR.

- (4) Cash is defined as cash and cash equivalents less current bank indebtedness.
- (5) 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 GAAP and may not be comparable to similar measures used by other companies.
- (6) Includes purchases of property, plant and equipment and intangibles, including capitalized interest.

Consolidated Operating Summary

(Millions of Canadian dollars, except as indicated)	2011	2010	2009	2008	2007
STRUCTURES & LOGISTICS					
Capital expenditures ⁽¹⁾	132	98	41	90	120
Workforce housing lease fleet (units in thousands)	3	3	2	2	2
Workforce housing lease fleet utilization (%)	87	78	74	80	86
Space rental lease fleet (units in thousands)	19	16	13	13	11
Space rental lease fleet utilization (%)	80	78	73	81	83
UTILITIES					
Natural gas distribution operations					
Capital expenditures ⁽¹⁾	288	197	190	250	192
Pipelines (thousands of kilometres)	38	38	38	37	37
Maximum daily demand (terajoules)	2,069	2,169	2,184	2,130	1,819
Natural gas distributed (petajoules)	247	237	250	238	233
Average annual use per residential customer (gigajoules)	121	120	121	124	127
Customers at year-end (thousands)	1,074	1,057	1,037	1,022	1,002
Electric distribution and transmission operations					
Capital expenditures ⁽¹⁾	916	507	498	518	312
Power lines (thousands of kilometres)	74	73	72	72	71
Electricity distributed (millions of kilowatt hours)	10,596	10,532	10,431	10,594	10,744
Average annual use per residential customer (kWh)	7,747	7,555	7,671	7,666	7,690
Customers at year-end (thousands)	240	237	233	228	223
Natural gas transmission operations					
Capital expenditures ⁽¹⁾	112	84	88	82	87
Pipelines (thousands of kilometres)	9	8	8	8	8
ENERGY					
Capital expenditures ⁽¹⁾	33	26	81	90	55
Generating capacity (megawatts)	4,590	4,658	4,672	4,672	4,627
Generating capacity owned (megawatts)	2,550	2,618	2,625	2,625	2,580
Availability (%)	91	93	95	92	91
Natural gas processed (mmcf/day)	393	401	401	435	478
- Natural gas liquids extraction (mmcf/day)	342	337	329	346	373
- Natural gas gathering and processing (mmcf/day)	51	64	72	89	105
Natural gas gathering lines (kilometres)	1,171	1,075	1,000	1,000	1,000
ATCO AUSTRALIA					
Natural gas distribution operations⁽²⁾					
Capital expenditures ⁽¹⁾	18	-	-	-	-
Pipelines (thousands of kilometres)	13	-	-	-	-
Maximum daily demand (terajoules)	106	-	-	-	-
Natural gas distributed (petajoules)	12	-	-	-	-
Average annual use per residential customer (gigajoules)	15	-	-	-	-
Customers at year-end (thousands)	653	-	-	-	-
Power generation and other operations					
Capital expenditures ⁽¹⁾	5	27	70	28	2
Generating capacity (megawatts)	299	299	213	213	213
Generating capacity owned (megawatts)	193	193	107	107	107
Availability (%)	98	90	97	99	95

- (1) Includes purchases of property, plant and equipment and intangibles, including capitalized interest. Amounts for the years ended December 31, 2010 and 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS). Amounts for the years ended December 31, 2007, 2008 and 2009 have been prepared in accordance

with Canadian Generally Accepted Accounting Principles in effect prior to the adoption of IFRS.

- (2) For the 5 months of operation since the acquisition of ATCO Gas Australia on July 29, 2011.

Making a Difference in our Communities



ATCO sponsored The Portrait of Diversity Art Exhibition in Australia which celebrates diversity, information sharing and collaboration among communities.

ATCO Group companies are committed to contributing to the quality of life in the communities where we do business and where our people work and live.

Working today to secure a healthy future is the philosophy behind the relationships ATCO has nurtured over many years of serving communities. The growth of ATCO’s operations worldwide last year saw ATCO invest on a truly global scale supporting new communities and events.

2011 HIGHLIGHTS

Celebrating Differences: NOMAD TWO WORLDS: Portrait of Diversity Art Exhibition

ATCO supports organizations dedicated to enriching the cultural landscape of the local community by presenting educational programs of great diversity, interest and enduring value. As part of the celebrations for the Commonwealth Heads of Government Meeting and Business Forum in Perth, a

collaborative art collection was created by the Nomad Two Worlds Foundation which supports and promotes artists from indigenous and marginalized communities around the world. The exhibition was called “Portrait of Diversity” and ATCO Australia was the exclusive sponsor. A series of photographic portraits of Australian residents who were born in another Commonwealth country, the exhibition represented all 53 Commonwealth countries. It included quotes from each person about what they love or miss most about the country of their birth and a short factual piece about each country. Indigenous artists from across Western Australia embellished these 53 portraits to create mixed media works of art. Through the project, Nomad Two Worlds has been able to create a connection and link between the indigenous communities and the migrant communities of Western Australia. The project is a celebration of diversity, information sharing and collaboration between communities.



ATCO Group contributed to the University of Calgary’s learning space renovation project as part of its ongoing support of education and learning. Room SH 278 at the Haskayne School of Business now bears the ATCO name. (L-R) Dr. Elizabeth Cannon, President, University of Calgary; Dr. Leonard Waverman, Dean, Haskayne School of Business; Nancy Southern, President & CEO, ATCO Group; Richard Haskayne, University of Calgary Board Chair Emeritus; Harry Wilmot, President & COO, ATCO Structures & Logistics.

Fostering Discussion: Commonwealth Business Forum

With the growth of ATCO in Australia this year, ATCO continued its steadfast approach to being a positive, active presence where it has operations.

In October, ATCO Australia supported The Commonwealth Business Forum held in Perth. A forum of policy makers, key government officials and business leaders, the theme of this year's forum was "Partnering for Global Growth: The Commonwealth, Indian Ocean and the Pacific Rim."

The event provided an opportunity for business and government to discuss practices and policies in developed and emerging markets. ATCO Australia also participated in the round table discussion - "Energy Infrastructure: The Way Forward" - where the future of energy infrastructure development in Western Australia was considered.

Supporting Education: Tomorrow's Leaders, Today's Investment

ATCO's investment in youth and education spans many geographic regions. The ATCO companies fund more than 50 scholarships and bursaries at post-secondary and trades schools across Canada annually. In Alberta, ATCO also supports bursaries and scholarships at the Southern Alberta Institute of Technology, Medicine

Hat College and most recently the Power Engineering program at the Northern Alberta Institute of Technology, Keyano College and the University of Alberta.

Last year, ATCO continued its longstanding relationship with the University of Calgary by contributing to the university's learning space renovation project. Room SH 278 at the Haskayne School of Business now bears the ATCO name and is a demonstration of ATCO's support to the education of students now and in the future. It is one more way the company contributes to the strength and foundation of communities. ATCO employs a large number of University of Calgary graduates, which is an example of how today's investment in tomorrow's leaders comes full circle.

Another 2011 educational initiative that ATCO supported was through the group Inside Education™; a non-profit group dedicated to bridging science with development and the environment through educational events and sessions for both students and teachers. By providing a two-day professional development opportunity to Alberta's teachers, the 2011 Electricity Education tour is aimed at increasing awareness and providing attendees with a greater understanding of how the electricity sector supports and enhances economic stability in Alberta. Educators from across the province were welcomed to participate and visit various facilities including ATCO Power's Oldman River Hydroelectric Plant.



ATCO donated funding to the Hanna Regional Community Services Centre, a new family oriented, all-season centre designed to sustain the community for generations.

These are just a few examples of how ATCO supports programs and initiatives that impact future leaders, our communities and our company.

Established Relationships: Hanna Regional Community Services Centre

ATCO is fully committed to supporting the communities where we live and work.

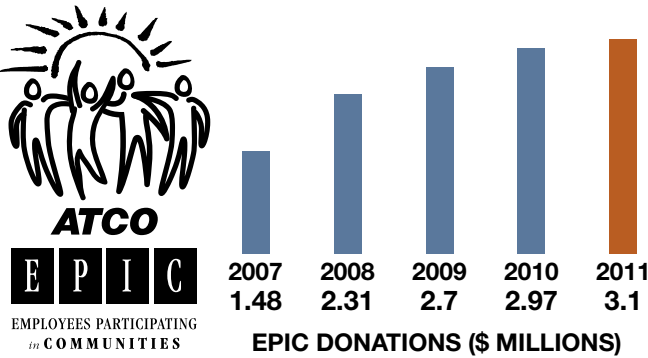
With ATCO Power, ATCO Electric and ATCO Gas operating in the region, ATCO has a long history of supporting Hanna and the surrounding communities over the years and in 2011, donated funding to support the building of a new community services centre in Hanna, AB.

The Hanna Regional Community Services Centre will provide a versatile, all-season centre that will house several program areas, such as a music and youth room, preschool space, two dance studios, gym/workout room and field house with sports courts. It has been designed to meet the current and future needs of the community.

Giving Back: Employee Generosity Remains EPIC

The generosity of ATCO's people continued through the annual company-wide ATCO Employees Participating in Communities (EPIC) fundraising program. Employees pledged a record \$3.1 Million to more than 500 charitable organizations.

The EPIC program combines fundraising events, auctions, friendly team competitions and employee pledges to support charitable organizations across Canada. ATCO absorbs all the administration costs of the campaign, ensuring that 100 per cent of employee donations go toward the charity. ATCO further enhances its employees' generosity by matching charitable donations made to human health and wellness organizations.



ATCO joined 'Together for Chile' in bringing two of the rescued Chilean miners to Canada and sponsoring The National Folkloric Ballet of Chile (BAFONA) Canada Tour 2011.

The rescue in October 2010 of 33 Chilean miners captured the attention of the entire world. A year later two of those men - Omar Reygadas and Franklin Lobos - travelled Canada during an ATCO Structures & Logistics-sponsored tour. The men were raising funds to rebuild a school and communities in Chile devastated by an earthquake and tsunami in February 2010. In each Canadian city, the miners promoted a fundraising tour of the National Folkloric Ballet of Chile. ATCO joined the organization, Together for Chile, to bring the two rescued miners last fall to Edmonton, Calgary, Vancouver, Quebec City, Montreal, Ottawa and Toronto.

Both men said their harrowing experience during 69 days trapped more than 700 metres underground transformed them to strive for improved conditions in their homeland. They also expressed optimism for the future of their country and its youth, and their reflections on the tragedy drew emotional responses from people across the country.

Directors

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Partner, Bennett Jones, LLP



Michael R.P. Rayfield
Vice Chair, Investment and Corporate Banking, BMO Capital Markets



Bertrand P. Collomb
Honorary Chairman, Lafarge S.A.



Nancy C. Southern
Deputy Chair, President & Chief Executive Officer, ATCO Ltd.



Rt. Hon. Donald F. Mazankowski, P.C., O.C., A.O.E., D.Eng., LL.D.
Corporate Director and Business Consultant



Ronald D. Southern, C.C., C.B.E., LL.D.
Chairman of the Board of Directors, ATCO Ltd.



Helmut M. Neldner
Corporate Director



Charles W. Willson
Corporate Director and Lead Director



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Senior Vice President & Chief Financial Officer

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Henry G. (Harry) Wilmot
President & Chief Operating Officer, ATCO Structures & Logistics

Siegfried W. Kiefer
Chief Operating Officer, Energy & Utilities

Susan R. Werth
Senior Vice President & Chief Administration Officer

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Vice President, Internal Audit & Risk Management

Carol Gear
Assistant Corporate Secretary

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Henry G. (Harry) Wilmot
President & Chief Operating Officer, ATCO Structures & Logistics

Roberta L. (Bobbi) Lambright
President, Operations Division, ATCO Electric

Arnold G. MacBurnie
Managing Director, ATCO Midstream & ATCO Energy Solutions

Steven J. Landry
Managing Director & Chief Operating Officer, ATCO Australia

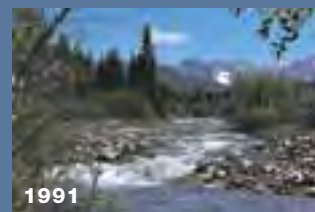
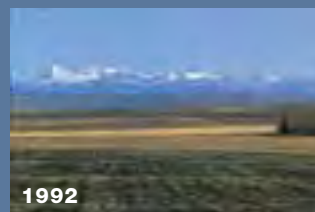
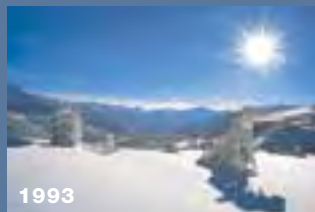
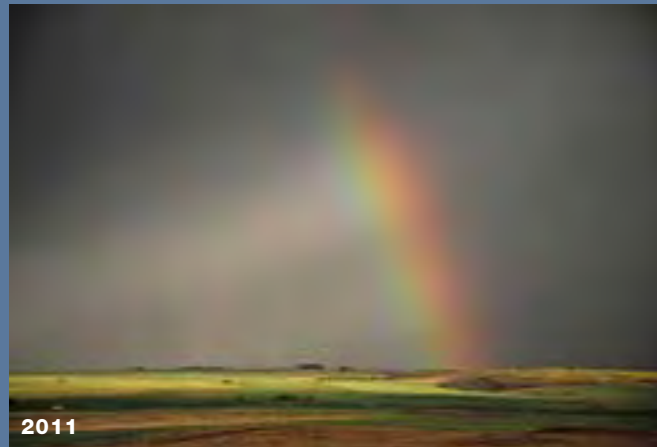
Brendan G. Dolan
Senior Vice President & General Manager, ATCO Pipelines

Settimio F. (Sett) Policicchio
President, Capital Projects Division, ATCO Electric

William C. (Bill) Stephens
Senior Vice President & General Manager, ATCO Gas

ATCO's Beautiful Alberta Heritage

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



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 am on Wednesday, May 9, 2012 at The Fairmont Palliser Hotel, 133 - 9th Avenue SW, Calgary, Alberta.

AUDITORS

PricewaterhouseCoopers LLP
Calgary, AB

LEGAL COUNSEL

Bennett Jones LLP
Calgary, AB

TRANSFER AGENT AND REGISTRAR

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

STOCK EXCHANGE LISTINGS

Class I Non-Voting Symbol ACO.X
Class II Voting Symbol ACO.Y
Listing: The Toronto Stock Exchange

ATCO GROUP ANNUAL REPORTS

Annual Reports to Share Owners and Financial Information (Consolidated Financial Statements & Management's Discussion and Analysis) for ATCO Ltd. and Canadian Utilities Limited are available upon request from:

ATCO Ltd. & Canadian Utilities Limited
Corporate Secretary
1400, 909 - 11th Avenue SW
Calgary, AB T2R 1N6

Telephone: (403) 292-7500
Websites: www.atco.com
www.canadian-utilities.com

SHARE OWNER INQUIRIES

Dividend information and other inquiries concerning shares should be directed to:

CIBC Mellon Trust Company*
c/o Canadian Stock Transfer Company Inc.
P.O. Box 700
Station B
Montreal, QC H3B 3K3

Telephone: 1-800-387-0825
Outside of North America: +1 (416) 682-3860
Fax: 1-888-249-6189
Fax outside of North America: +1 (416) 249-6189
Website: www.canstockta.com

* On November 1, 2010, CIBC Mellon sold its issuer services business to Canadian Stock Transfer Company Inc. ("CST") which is currently operating the stock transfer business in the name of CIBC Mellon Trust Company during a transition period.



ATCO

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