

July 27, 2016

ATCO REPORTS SECOND QUARTER 2016 EARNINGS

CALGARY, Alberta – ATCO Ltd. (TSX: ACO.X, ACO.Y)

ATCO today announced second quarter adjusted earnings for 2016 of \$81 million compared to \$57 million in 2015.

Higher earnings compared to the second quarter of 2015 were mainly the result of continued capital investment and growth in rate base within the Regulated Utilities, higher Modular Structures project activity within ATCO Structures & Logistics, and business-wide cost reduction initiatives. Earnings in the second quarter of 2015 were reduced by a one-time earnings impact resulting from a retroactive regulatory decision that ATCO Gas Australia received in that quarter.

ATCO invested \$387 million in the second quarter and \$751 million in the first half of 2016, 82 per cent of which was in the Company's Regulated Utilities and in long-term contracted capital assets. These investments either earn a return under a regulatory business model or are commercially secured under long-term contracts.

On July 14, 2016, ATCO declared a third quarter dividend for 2016 of 28.50 cents per Class I Non-Voting and Class II Voting Share, a 15 per cent increase over the quarterly dividends declared in the same period of 2015. ATCO's annual dividend per share has increased for 23 consecutive years.

RECENT DEVELOPMENTS

- In May 2016, ATCO rapidly responded to wildfires in the Fort McMurray region of northern Alberta by mobilizing teams from across Alberta to provide accommodation for first responders and evacuees, and rebuild utility infrastructure that was damaged by wildfires. The fires impacted the assets of the Company's Regulated Electricity and Regulated Pipelines & Liquids businesses located in the region. Insurance coverage applies to the Company's property with the exception of small diameter natural gas pipelines and meters and electric property outside of transmission substations including wires, poles, towers, transformers and meters. The estimated net book value of the damaged assets is less than \$10 million.

- On July 25, 2016, the Government of Alberta commenced legal action to determine the validity and interpretation of certain terms within the Power Purchase Arrangements (PPAs) and related regulations. The legal action the Government of Alberta filed seeks to prevent the PPAs from being returned to the Balancing Pool. ATCO has never been a buyer of a coal PPA. ATCO continues to operate Battle River unit 5 and Sheerness units 1 and 2 under the terms of their respective PPAs. ATCO will monitor and, in its capacity as a respondent, participate in the proceeding. However, the proceeding seeks no direct relief against ATCO.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is provided below:

(\$ Millions except share data)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Adjusted earnings ⁽¹⁾	81	57	202	135
Gain on sale of joint operation ⁽²⁾	-	-	7	-
Restructuring costs ⁽²⁾	-	(3)	-	(3)
Impairments ⁽²⁾	-	(13)	-	(13)
Rate-regulated activities ⁽²⁾	(20)	(33)	(39)	(17)
Earnings attributable to Class I and Class II Shares	61	8	170	102
Weighted average shares outstanding (millions of shares)	114.3	114.8	114.5	114.8

(1) Adjusted earnings are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or a result of day-to-day operations. Adjusted earnings present earnings on the same basis as was used prior to adopting International Financial Reporting Standards (IFRS) - that basis being the U.S. accounting principles for rate-regulated entities - and they are a key measure used to assess segment performance, to reflect the economics of rate regulation and to facilitate comparability of ATCO's earnings with other Canadian rate-regulated companies.

(2) Refer to Note 3 of the consolidated financial statements for detailed descriptions of the adjustments.

Earnings attributable to Class I and Class II Shares were \$61 million in the second quarter of 2016, \$53 million higher compared to the same period in 2015 mainly due to adjusted earnings that were higher in the second quarter by \$24 million. Earnings attributable to Class I and Class II Shares includes timing adjustments related to rate-regulated activities that are not included in adjusted earnings.

The net impact of timing adjustments made in rate-regulated accounting improved earnings attributable to Class I and Class II Shares by \$13 million in the second quarter of 2016 compared to the same period in 2015. Earnings in the second quarter of 2015 attributable to Class I and Class II Shares also included \$16 million of impairments and restructuring costs.

This news release should be used as a preparation for reading the full disclosure documents. ATCO's consolidated financial statements and management's discussion and analysis for the second quarter ended June 30, 2016 will be available on the ATCO website (www.ATCO.com), via SEDAR (www.sedar.com) or can be requested from the Company.

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

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Forward-Looking Information:

Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

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

The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

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