

February 25, 2016

CANADIAN UTILITIES REPORTS 2015 EARNINGS

CALGARY, Alberta – Canadian Utilities Limited (TSX: CU, CU.X)

Canadian Utilities today announced adjusted earnings for 2015 of \$483 million compared to \$575 million in 2014. Canadian Utilities had fourth quarter 2015 adjusted earnings of \$153 million compared to \$182 million in the same period of 2014. Lower earnings were mainly due to lower Alberta Power Pool prices and the adverse earnings impact of several regulatory decisions received from the Alberta Utilities Commission (AUC) and the Australian Economic Regulation Authority in 2015.

In March 2015, the AUC released decisions on the Generic Cost of Capital and Performance Based Regulation Capital Tracker proceedings that covered the period from the beginning of 2013 to the end of 2015. In July 2015, ATCO Gas Australia received the Access Arrangement decision, covering the period from July 2014 to December 2019. The 2013 to 2015 earnings impact that resulted from these decisions was recorded in 2015. If the prior period impact of these retroactive decisions had been recorded in 2013 and 2014, adjusted earnings in 2015 would have been \$53 million higher than the same period last year. The primary reason for increased earnings was due to the ongoing investment in building Alberta's and Australia's infrastructure.

RECENT DEVELOPMENTS

- A robust restructuring exercise to streamline and gain operational efficiencies completed in late 2015 will allow the Company to realize benefits going forward. We will continue to review further opportunities for improved productivity in 2016 and beyond.
- In 2015, Canadian Utilities undertook a transformational change that fundamentally shifted its global business strategy. The Company has restructured into two Global Business Units – Electricity and Pipelines & Liquids – that are vertically integrated and better able to efficiently and effectively respond to customers' needs. Canadian Utilities is now better positioned to deliver comprehensive solutions for energy infrastructure development, maintenance and ongoing operations to our customers worldwide.
- Canadian Utilities declared a first quarter dividend for 2016 of 32.50 cents per Class A Non-Voting and Class B Common Share, a 10 per cent increase over the quarterly dividend paid per share in 2015. Canadian Utilities' annual dividend per share has increased for 44 consecutive years.
- Canadian Utilities capital investment in 2015 totaled \$1,819 million, of which 82 per cent was invested in assets that earn a return under a regulated business model. ATCO

Electric invested \$826 million and ATCO Gas and ATCO Pipelines invested \$588 million to modernize Alberta's electric and natural gas transmission and distribution networks.

- In December 2015, ATCO Electric completed and placed in-service the longest transmission line in Alberta's history. The 485 km, \$1.8 billion Eastern Alberta Transmission Line is a critical component of Alberta's electrical transmission backbone and will play a key role in bringing renewable energy to Albertans across the province.
- ATCO Energy Solutions completed construction on two industrial water supply projects for the North West Redwater Partnership and Air Products Canada Ltd. These projects will provide essential water transportation services and other benefits to customers in the Heartland Industrial area, near Edmonton. Both projects are in operation and began contributing to earnings in the fourth quarter of 2015.
- In August 2015, Canadian Utilities issued \$125 million of 5.25 per cent Cumulative Redeemable Second Preferred Shares Series EE under its base shelf prospectus. In September 2015, Canadian Utilities issued \$250 million of 4.50 per cent Cumulative Redeemable Second Preferred Shares Series FF under its base shelf prospectus. The proceeds of both issuances were used for capital investments, to repay indebtedness, and for other general corporate purposes.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of adjusted earnings to earnings attributable to equity owners is provided below:

| (\$ Millions except share data) | For the Three Months Ended December 31 | | For the Year Ended December 31 | |
|--|---|-------|-----------------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Adjusted earnings ⁽¹⁾ | 153 | 182 | 483 | 575 |
| Gain on sales of operations and revaluation of joint venture ⁽²⁾ | 27 | - | 27 | 138 |
| Restructuring costs ⁽²⁾ | (73) | - | (82) | - |
| Impairments ⁽²⁾ | (103) | (17) | (107) | (28) |
| Rate-regulated activities ⁽²⁾ | 25 | (27) | (25) | (24) |
| Dividends on equity preferred shares | 17 | 13 | 56 | 50 |
| Earnings attributable to equity owners | 46 | 151 | 352 | 711 |
| Weighted average shares outstanding (millions of shares) | 265.8 | 263.0 | 264.7 | 262.0 |

(1) Adjusted earnings are earnings attributable to equity owners after adjusting for the timing of revenues and expenses associated with rate-regulated activities and dividends on equity preferred shares of Canadian Utilities. 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 Canadian Utilities' earnings with other Canadian rate-regulated companies.

(2) Refer to Note 5 of the consolidated financial statements for descriptions of these items.

Earnings attributable to equity owners were \$352 million in 2015 compared to \$711 million in the prior year. 2015 earnings attributable to equity owners have been adjusted for:

- Gain on sales of operations and revaluation of joint venture of \$27 million related to the sale of certain non-core natural gas gathering and processing assets and the revaluation of the Company's Barking Power investment;
- Restructuring costs of \$82 million primarily related to staff reductions and associated severance costs as well as the restructuring of a fuel supply contract in ATCO Power;
- Impairments of \$107 million related to the Battle River units 3 and 4 power generation assets, the Mexico Tula Pipeline as well as certain gas gathering and processing facilities;
- Timing adjustments made in rate-regulated accounting lowered earnings attributable to equity owners by \$25 million.

This news release should be used as a preparation for reading the full disclosure documents. Canadian Utilities' consolidated financial statements and management's discussion and analysis for the year ended December 31, 2015, will be available on the Canadian Utilities website (www.canadianutilities.com), via SEDAR (www.sedar.com) or can be requested from the Company.

With nearly 5,500 employees and assets of approximately \$18 billion, Canadian Utilities Limited is an ATCO Company. ATCO is a diversified global corporation delivering service excellence and innovative business solutions in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Electricity (power generation, distributed generation, and electricity distribution, transmission and infrastructure development); Pipelines & Liquids (natural gas transmission, distribution and infrastructure development, natural gas liquids storage and processing, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales). More information can be found at www.canadianutilities.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.