



News Release

ATCO LTD.

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For Immediate Release

July 30, 2010

ATCO REPORTS SECOND QUARTER EARNINGS UP \$12.2 MILLION TO \$61.7 MILLION

Six Month Earnings Up \$7.4 Million to \$151.5 Million

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

ATCO Ltd. today reported earnings of \$61.7 million (\$1.06 per share) for the three months ended June 30, 2010, compared to \$49.5 million (\$0.85 per share) for the same period in 2009. Adjusted Earnings ⁽¹⁾ in the second quarter were \$61.7 million (\$1.06 per share), compared to \$49.7 million (\$0.86 per share) in 2009.

Earnings for the six months ended June 30, 2010, were \$151.5 million (\$2.60 per share), compared to \$144.1 million (\$2.49 per share) for the same period in 2009. Adjusted Earnings ⁽¹⁾ for the six months were \$153.6 million (\$2.64 per share), compared to \$145.8 million (\$2.52 per share) in 2009.

Adjusted Earnings in the second quarter of 2010 increased in the Energy Segment primarily due to higher spark spreads in the Alberta electricity market, partially offset by decreased storage revenues due to the timing and demand for natural gas storage. The Structures & Logistics Segment also benefited from higher manufacturing and rental fleet activity, which contributed to increased second quarter earnings.

Adjusted Earnings in the first half of 2010 increased primarily as a result of continued strength in the Utilities Segment due to higher infrastructure investment in the regulated rate base.

Earnings and Adjusted Earnings in the first half of 2010 reflect the \$3.0 million premium on the redemption of all of ATCO's \$150 million of outstanding 5.75% Cumulative Redeemable Preferred Shares, which has now been partially offset by preferred dividend savings of \$2.3 million. The net benefit of the redemption to ATCO's overall 2010 earnings is expected to be approximately \$3.9 million.

RECENT DEVELOPMENTS

- In April, ATCO Power announced its new 86 megawatt Karratha generating station in Western Australia went into full commercial operation ahead of schedule, 16 months after the environmentally progressive project was first announced.
- In May, CU Inc. announced the filing of a preliminary base shelf prospectus to issue up to \$1.7 billion of debentures in tranches as required over the next 25 months. The proceeds will be used to fund utility capital expenditures, to repay existing debt and for other general corporate purposes.
- In June, ATCO Structures & Logistics announced it had acquired the assets of Arrow Holdings, based in Perth, Australia. The new Perth office provides space rental units and work camp solutions to construction, mining and energy businesses across Western Australia.

[Continued]

Financial Summary and Reconciliation of Adjusted Earnings	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2010	2009	2010	2009
(\$ Millions except per share data)			Unaudited	
Reported Earnings	61.7	49.5	151.5	144.1
ATCO Power Mark-to-Market Adjustment	-	0.2	2.1	1.7
Adjusted Earnings ⁽¹⁾	61.7	49.7	153.6	145.8
Earnings Per Share	1.06	0.85	2.60	2.49
Adjusted Earnings Per Share ⁽¹⁾	1.06	0.86	2.64	2.52
Revenues	844.0	688.1	1,742.5	1,563.2
Funds Generated By Operations ^{(1) (2)}	216.0	165.4	472.8	444.4

(1) These measures are not defined by Generally Accepted Accounting Principles and may not be comparable to similar measures used by other companies.

(2) This measure is cash flow from operations before changes in non-cash working capital.

The increase in **Revenues** is primarily due to the recording of revenues associated with the lease of the first and second units of ATCO Power's Karratha generating plant in the first and second quarters, respectively, of 2010. Revenues also increased due to higher prices in the Alberta electricity market.

The increase in **Funds Generated by Operations** for the three months ended June 30, 2010 is primarily due to higher earnings, as well as regulatory deferral amounts which vary from quarter to quarter and are, therefore, not comparable or indicative of funds generated by operations on an annual basis, partially offset by availability penalties paid by Alberta Power (2000) due to a planned outage in the Battle River generating plant.

The increase in **Funds Generated by Operations** for the six months ended June 30, 2010 is primarily due to higher earnings, as well as dividends received from ATCO Structures & Logistics' Saadiyat Island Project, partially offset by availability penalties paid by Alberta Power (2000) due to a planned outage in the Battle River generating plant.

ATCO Ltd.'s consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the three and six months ended June 30, 2010, will be available on ATCO Ltd.'s website (www.atco.com) or via SEDAR (www.sedar.com) or can be requested from the Company.

Alberta-based ATCO Ltd., with more than 7,500 employees and assets of approximately \$9.9 billion, delivers service excellence and innovative business solutions worldwide with leading companies engaged in Utilities (pipelines, natural gas and electricity transmission and distribution), Energy (power generation, natural gas gathering, processing, storage and liquids extraction), Structures & Logistics (manufacturing, logistics and noise abatement) and Technologies (business systems solutions). 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 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.

Any forward-looking information contained in this news release represents the Corporation's expectations as of the date hereof, and is subject to change after such date. The Corporation 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.