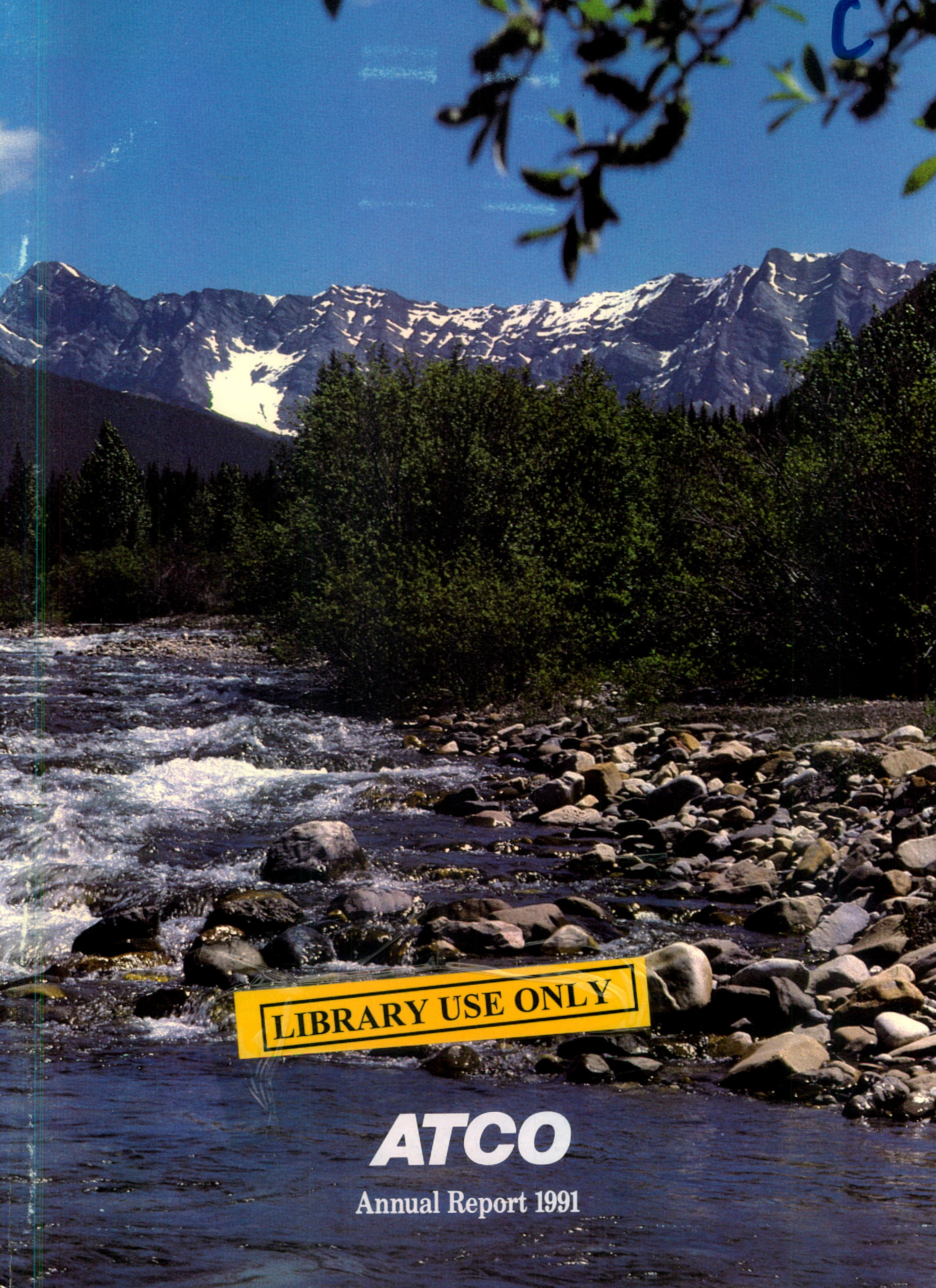
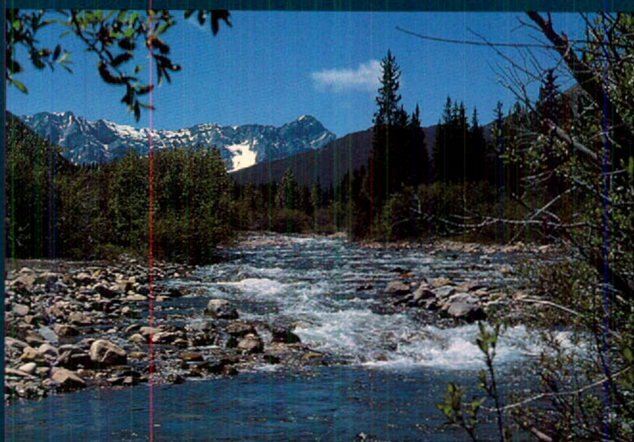


ATCO

Annual Report 1991

Contents



Cover

Alberta alpine stream.

ATCO's growth and expanding international presence since its founding in 1947 has paralleled the advancement of Alberta, ATCO's home province. In recognition of that continuing linkage, this annual report cover is the second of a series to feature scenes of Alberta beauty.

Corporate Profile

ATCO LTD.

One of Canada's premier corporations, with assets exceeding $3.7 billion and three operating groups employing more than 5,600 persons.

The operating groups:

ATCO ENTERPRISES LTD.

Manufacturing relocatable shelters for sale or lease; contract drilling; property management; and travel agency services.

CANADIAN UTILITIES LIMITED

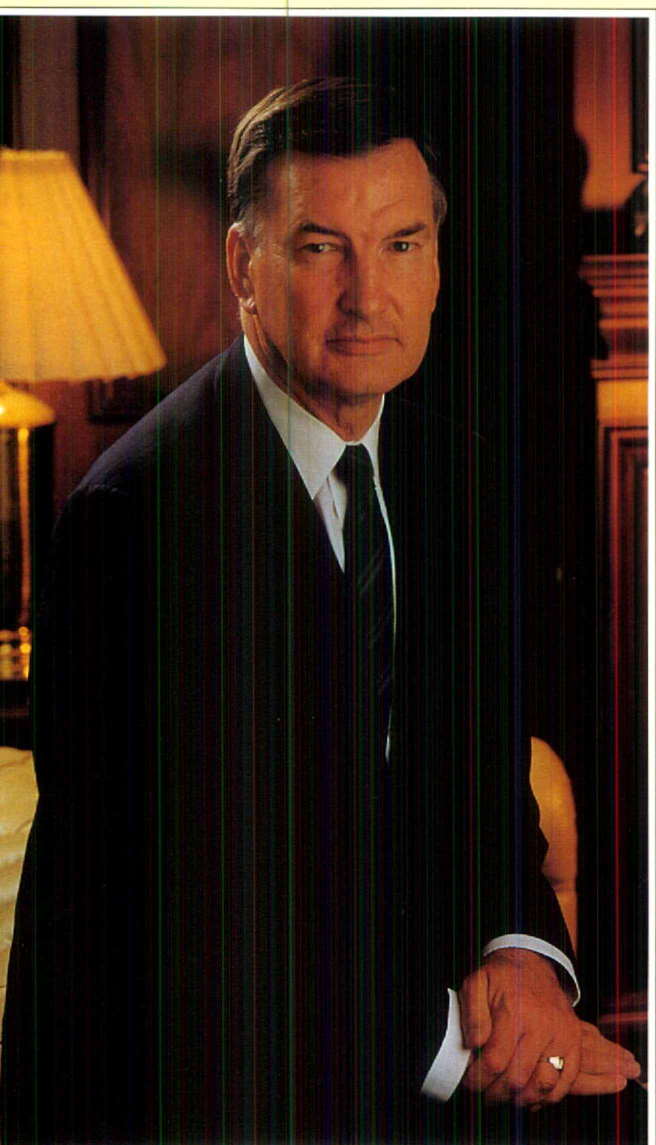
Natural gas production and distribution, electrical power generation and distribution, and water projects, mainly in western Canada. One of Canada's largest investor-owned utilities, Canadian Utilities Limited also participates in complementary non-utility ventures.

ATCOR RESOURCES LTD.

Oil and gas exploration and production in western Canada and the Canadian frontiers; natural gas marketing and processing.

Financial Highlights
(Thousands except share data)

	Year Ended December 31	
	1991	1990 (Restated)
Revenues	**$1,484,570**	$1,441,656
Operating income	**$ 211,846**	$ 211,166
Earnings for the year	**$ 62,989**	$ 64,878
Earnings attributable to Class I and Class II shares	**$ 39,567**	$ 36,441
Earnings per Class I and Class II share	**$ 1.31**	$ 1.20
Dividends paid per Class I and Class II share	**$ 0.24**	$ 0.24
Cash position	**$ 20,678**	$ (4,053)
Additions to property, plant and equipment	**$ 365,267**	$ 375,960
Total assets	**$3,735,694**	$3,512,956
Class I and Class II shareholders' equity	**$ 357,590**	$ 326,287
Class I and Class II shares outstanding	**30,296,532**	30,274,532
Weighted average Class I and Class II shares outstanding	**30,294,615**	30,269,032



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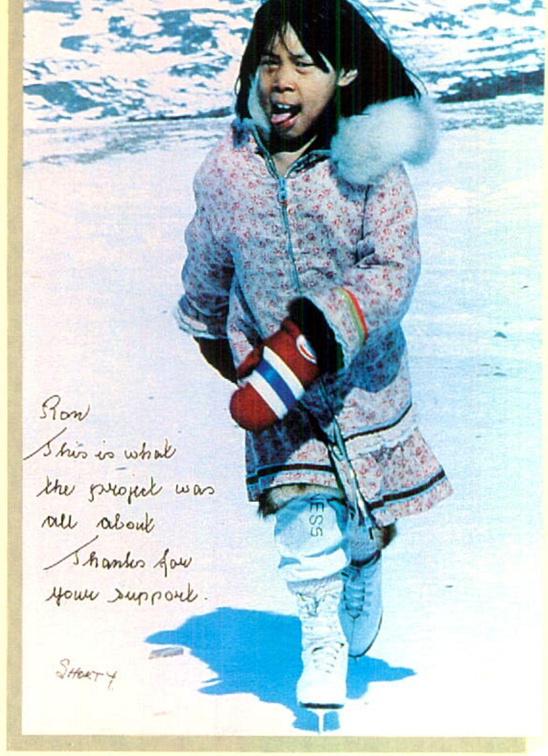

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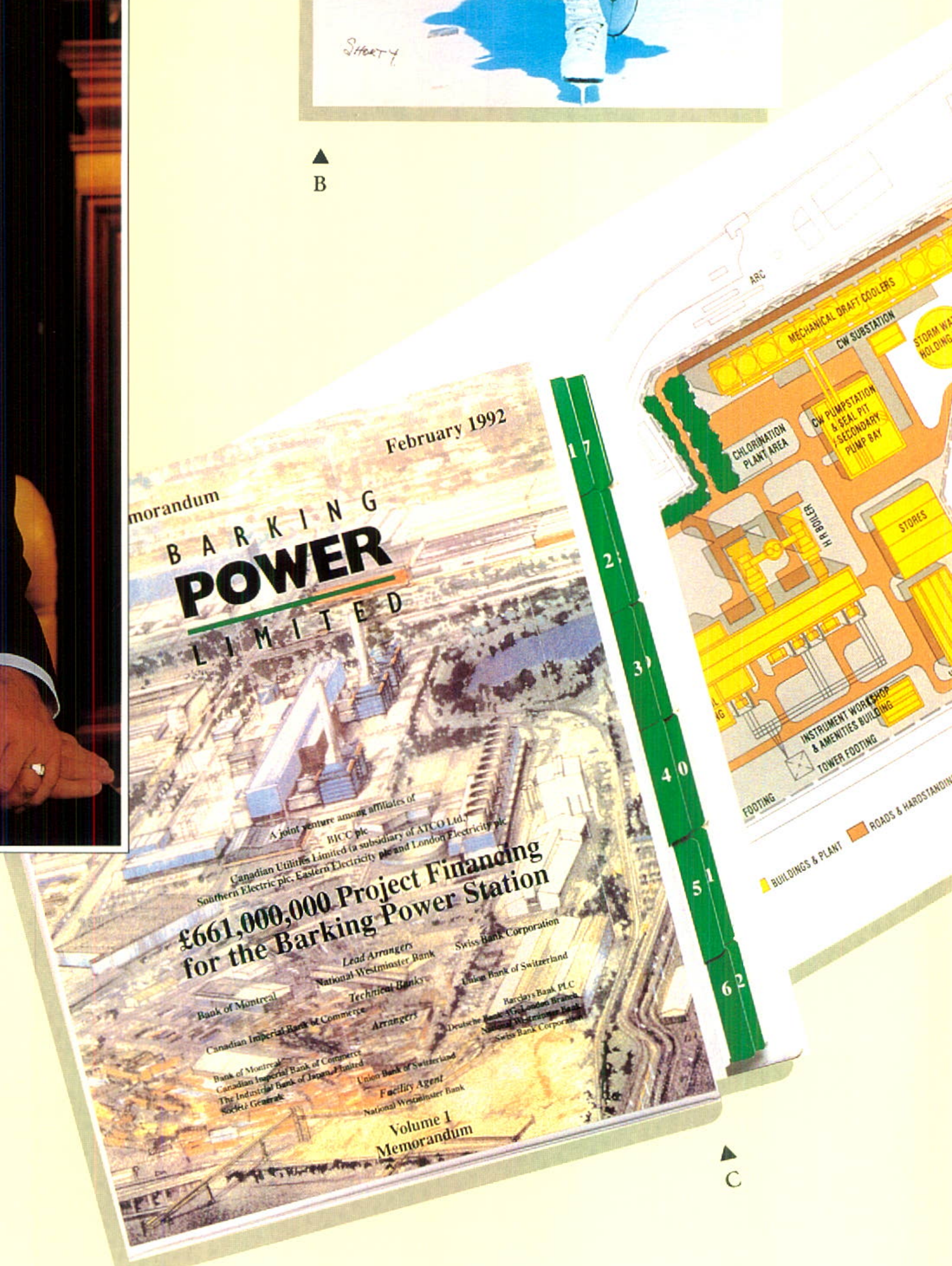


▲
C

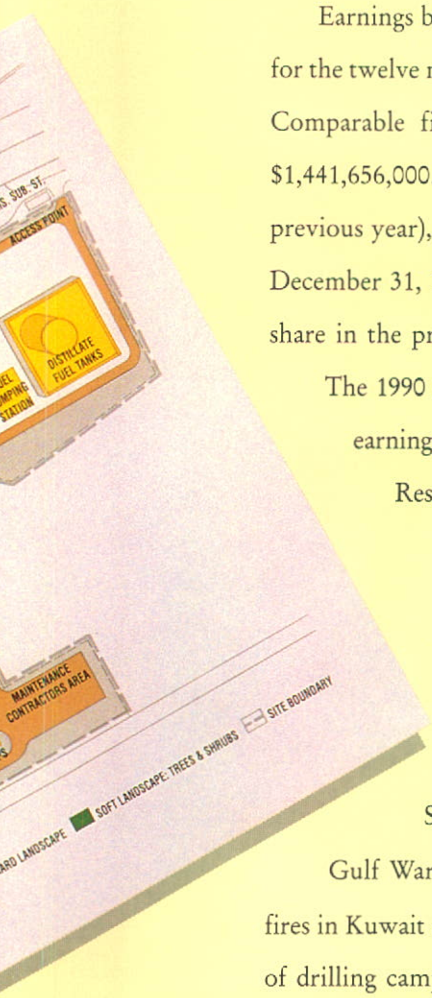
A
R. D. Southern
Chairman,
President and Chief Executive Officer
ATCO Ltd.

B
The ATCO Group played a key role in the success of Project Arctic Ice Skates.

C
The Barking Power Project.

Letter to the Shareholders

Strong performances from all of the Corporation's principal subsidiaries resulted in increased earnings per share in 1991.



Earnings before payment of preferred share dividends for the ATCO Group of Companies for the twelve months ended December 31, 1991 were $62,989,000 on revenues of $1,484,570,000. Comparable figures for the previous year were earnings of $64,878,000 on revenues of $1,441,656,000. After payment of preferred share dividends of $23,422,000 ($28,437,000 in the previous year), earnings attributable to Class I and Class II shares for the twelve months ended December 31, 1991 were $39,567,000 or $1.31 per share compared to $36,441,000 or $1.20 per share in the previous year.

The 1990 figures have been restated to reflect the impact of a $2,174,000 reduction in 1989 earnings due to a correction in the carrying value of the oil and gas assets of ATCOR Resources Ltd.

While more than 90% of the Corporation's assets are in the province of Alberta, the international component of ATCO's business was of particular importance in 1991 in light of the lacklustre economic conditions in North America. ATCO's involvement in Saudi Arabia since 1978 and its reputation with the international engineering and construction industry positioned ATCO Saudi Arabia Ltd. to obtain a number of manufacturing contracts both during the Gulf War and after the cease fire, including accommodation for firefighters battling oil fires in Kuwait and several projects to house United Nations personnel. Contracts for the supply of drilling camps to Iran and Algeria were also important contributors to 1991 earnings.

Although the growth of the United States Space Rentals fleet has been slower than hoped, the fleet did grow by 30% during the year and now comprises 18% of the overall lease fleet. Five rental locations are in operation and more are planned to stimulate growth in ATCO Enterprise's market share.

ATCO's joint venture contract to supply a 3,000-man camp for the Hibernia oil project in Newfoundland will be completed in the second quarter, and because of this timing, the contract will not be affected by the recent uncertainty regarding the future of the project.

While ATCO Enterprises continues to offer a variety of shelter products in a number of markets, the prime focus will continue to be on opportunities provided by the North American space rentals business.

The achievement of higher earnings by Canadian Utilities Limited's ("CU") utility subsidiaries was commendable in light of the warm weather. Among the positive factors affecting earnings were increases in the number of customers, higher natural gas throughput and increased electric sales to retail customers. Alberta Power and Northwestern Utilities operated most of the year using interim rates approved by the Alberta Public Utilities Board ("PUB"). Late in the year, the PUB issued final decisions approving rates of return on that portion of rate base financed by common equity of 13.5% for Alberta Power and 13.75% for Northwestern.

CU achieved the Group's first sustainable entry into the United Kingdom and European Economic Community markets with the completion of financing arrangements for the 1,000 megawatt electric generating station to be built in the Borough of Barking and Dagenham in east London by CU's United Kingdom affiliate, Thames Power Limited. Contracts have also been signed for plant construction, gas supply and the power off-take. CU will be responsible for construction supervision, employee training, plant commissioning and plant management for at least the first four years of operation.

Combined with the Barking project, the finalization by CU Power Canada Limited of all required agreements, regulatory approvals and financing for construction of a $115.0 million, 120 megawatt gas-fired co-generation plant near Fort St. John, B.C. confirms CU's emergence as a leader in natural gas fired power generation projects using state-of-the-art technology. CU Power Canada will build the plant which is scheduled for completion in October 1993.

Another notable achievement is the success of CU Water Limited in being selected to build, own and operate a pipeline to supply water to several communities east of Edmonton.

ATCOR is off to an excellent start as a publicly owned corporation, with increased oil and gas production, the addition of significant reserves from both an aggressive exploration program and successful acquisitions, and continued growth in its natural gas marketing business.

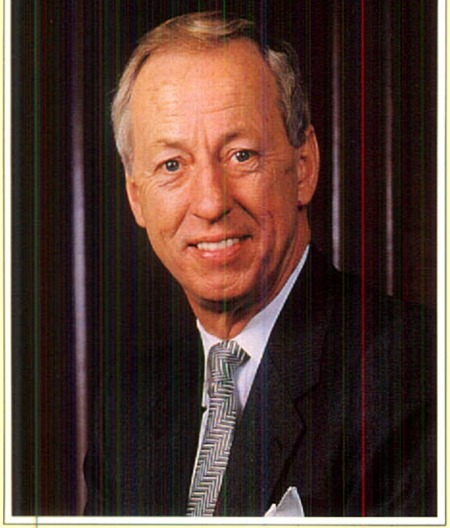
ATCOR began shipping natural gas to customers in the northeastern United States through the new Iroquois pipeline in late 1991. Deliveries should reach approximately 37 million cubic feet ("Mmcf") per day in 1992. ATCOR has also negotiated a long term sales agreement to supply 17 Mmcf of natural gas per day as fuel for the Selkirk Co-generation Project in New York state. These deliveries will commence in 1994.

In Canada's far north, the ATCO Group continues to maintain a strong presence through the ownership of oil and gas licenses in the Mackenzie Delta-Beaufort Sea area, as well as the very successful operations of Frontec Logistics Corp., a leading contractor of logistical and operational management, technical support and maintenance services. As part of its commitment to the North, ATCO was a key supporter of Project Arctic Ice Skates, collecting more than 3,000 used ice skates donated by Albertans for needy youngsters in the Northwest Territories.

I would like to thank our customers for their confidence in the Company during a period of economic uncertainty. Their support, along with the contributions of our staff and suppliers, enabled ATCO to increase earnings at a time when many other companies around the world were reporting drastically reduced earnings or even losses, along with layoffs and plant closures. Not surprisingly, the ATCO Group's markets are undergoing many changes in today's environment. However, we want to assure you that we will continue to perform well for you in the future.

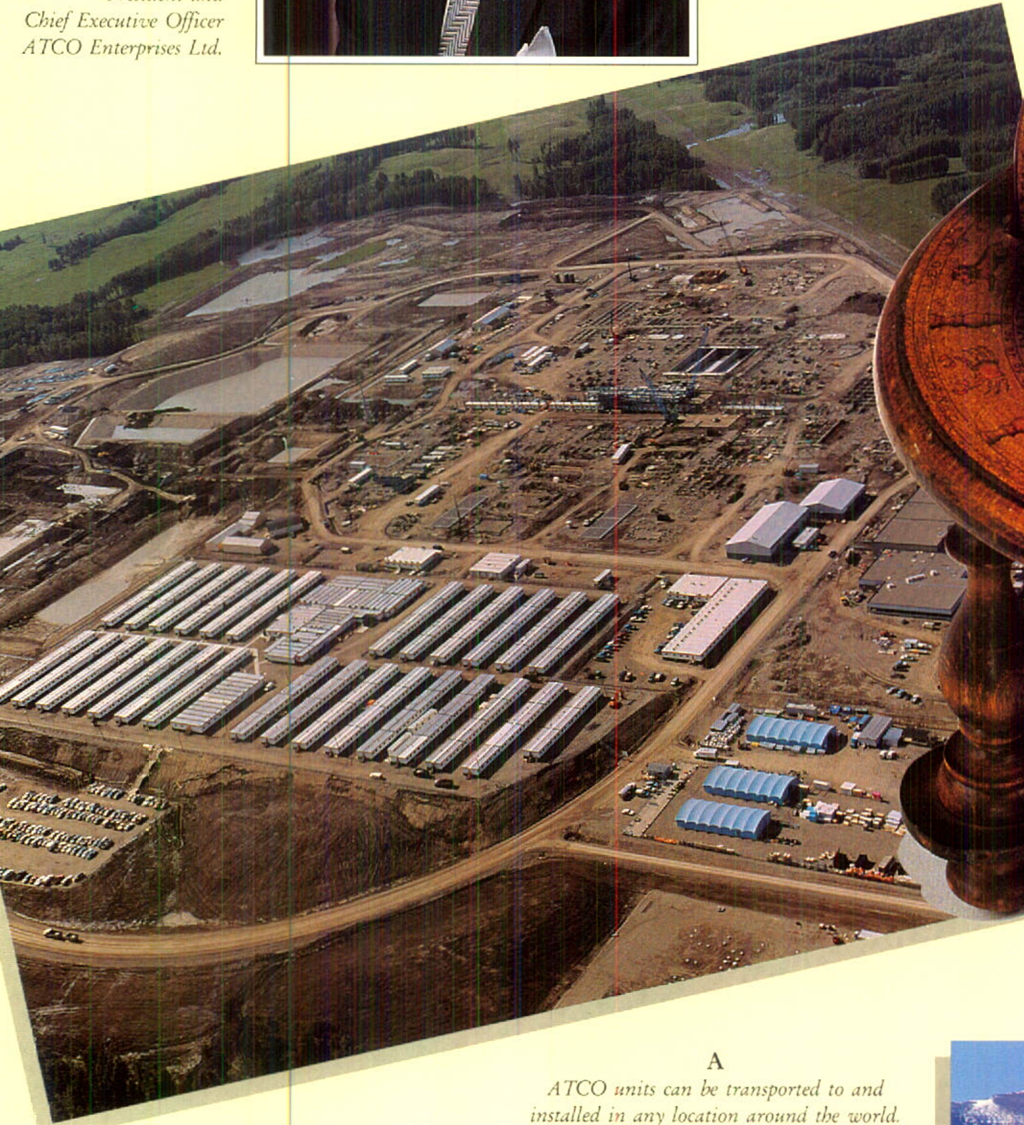
On behalf of the Board of Directors

R. D. Southern
Chairman, President and
Chief Executive Officer



N. W. Robertson,
Deputy Chairman,
President and
Chief Executive Officer
ATCO Enterprises Ltd.

A



B

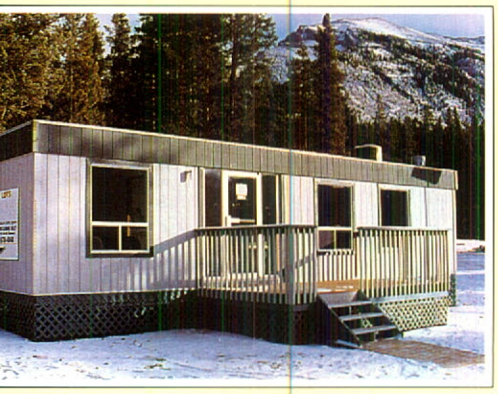
A
ATCO units can be transported to and installed in any location around the world.

B
Part of ATCO's 1200 person workforce housing camp for Shell Canada at Caroline, Alberta.

C
ATCO's newly designed commercial office.

D
ATCO Drilling Rig on location in western Canada.

E
Canadian Western Centre Phase II is owned and managed by ATCO's Real Estate and Property Management division.



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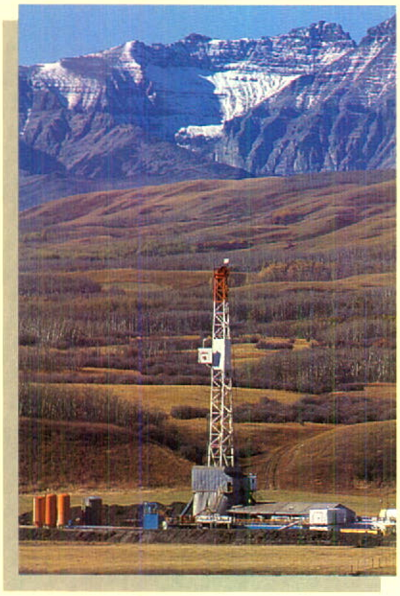


D

E

Operations Review

ATCO's growth since its inception in 1947 has been characterized by an ability to penetrate new markets and create an integrated operating base. A pioneer in the production of transportable industrial accommodation, ATCO's business today includes natural gas and electric utilities and complementary businesses, logistic services, oil and gas exploration and production, gas processing and marketing, contract drilling and transportable shelter. This mix of operations has enabled ATCO to prosper and grow in a variety of economic conditions.

A corporate restructuring in 1988 established three operating groups under ATCO Ltd.: ATCO Enterprises Ltd., Canadian Utilities Limited and ATCOR Resources Ltd. Each operating group has its own Board of Directors and Chief Executive Officer.

▲
At the Bi-Provincial Upgrader site in Lloydminster, Alberta, ATCO supplied and installed the office complex.

ATCO Enterprises Ltd.

1991 was a year of significant achievement for ATCO Enterprises Ltd., given the difficult economic conditions in North America. The manufacturing and leasing group was able to successfully contend with the weak economy by augmenting traditional domestic business with several major contracts in the international marketplace.

Significant international orders received in 1991 included the supply of seven drilling camps, valued at $8.8 million to Iran, in association with a manufacturer in the United Arab Emirates. Other notable shelter sales were $5.2 million to the Unikom border surveillance group and $4.2 million to the KBFG/KOG British Firefighting Group, both supplied for use in Kuwait. The Canadian manufacturing division in Calgary is currently producing five drilling camps for Algeria valued at $12.1 million.

ATCO's patented Fold-A-Way metal buildings enjoyed strong sales during 1991, including the supply of four Fold-A-Ways to Dowell Schlumberger for use as storage and repair facilities in Western Siberia, Russia.

ATCO Saudi Arabia Ltd. completed a variety of manufacturing projects during the Gulf War including $4.8 million in contracts for the supply of housing accommodation for the coalition forces.

Manufacturing of the workforce housing for the 3,000 persons involved in the Hibernia oil project in Newfoundland was completed in January 1992. This was part of a $25.0 million contract awarded to ATCO in joint venture with Lundrigans Comstock Ltd.

The total lease fleet increased by 4.0% to total 10,451 units at December 31, 1991. Several large industrial leasing projects housing an aggregate of 5,000 persons began during 1991 and will attain peak occupancy in 1992.

In 1991, ATCO Enterprises received a 36-month leasing contract from Syncrude Canada for a 41,000 square foot custom designed two-storey office complex located at Ft. McMurray, Alberta.

ATCO's Canadian Space Rentals fleet continues to expand and is now the largest division of ATCO Enterprises. ATCO is the only nationwide lessor of space rentals products in Canada with 17 offices located across the country.

ATCO ENTERPRISES LTD.
LEASE FLEET

ATCO Structures, Inc., ATCO Enterprises' United States subsidiary, increased its Space Rentals fleet by 30% in 1991. This fleet of 1,780 units is serviced by five district offices in the western United States and plans call for further expansion in this market. Markets in Seattle and Denver were very strong in 1991, while in the southwestern United States economic conditions were sluggish for most of the year.

ATCO Drilling consistently outperformed industry rig utilization percentages during 1991, averaging over 40% for the year. The first quarter of 1991 represented ATCO Drilling's best performance since 1986; however, thereafter, the industry began to decline as oil and gas companies drastically reduced exploration budgets.

In May 1991, ATCO completed the deepest horizontal well drilled to date in Canada. The well was drilled for Conoco, near Edson, Alberta and reached a depth of 4,675 metres.

The ATCO Real Estate and Property Management division disposed of its leasehold interest in a 180,000 square foot Edmonton office building, while retaining the contract to manage the property. ATCO now manages a commercial real estate portfolio in excess of one million square feet.

Southco Travel enjoyed increased sales and earnings in 1991 and is now the second largest independent travel agency in Calgary.

Canadian Utilities Limited

Canadian Utilities Limited ("CU") recorded increased earnings while experiencing steady growth in the number of utility customers and making significant progress in complementary business initiatives. At December 31, 1991, CU's subsidiaries were serving a total of 832,000 natural gas and electric utility customers.

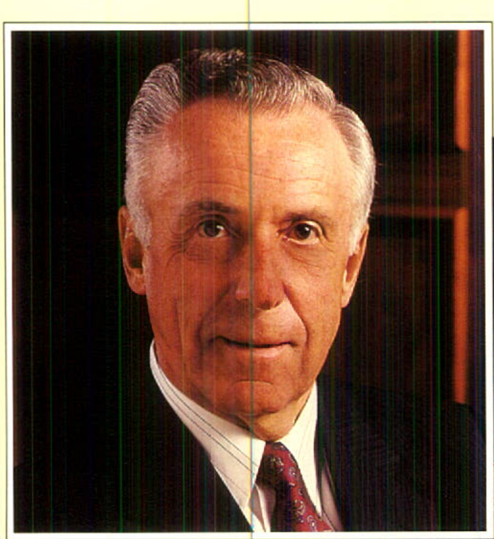
Despite the continuing recession and warmer than normal temperatures, CU earnings were $108.6 million, compared to the restated earnings of $103.5 million in the previous year.

Earnings benefited from the Alberta Public Utilities Board ("PUB") decisions on the general rate applications of Alberta Power Limited and Northwestern Utilities Limited. CU welcomed the resumption by the PUB of the practice of allowing interim refundable rates to be levied while utility rate cases are under deliberation.

Since 1991 was the first full year since the distribution to CU shareholders of 50% of the shares of ATCOR Resources Ltd., CU's earnings from ATCOR were reduced.

CU's United Kingdom affiliate, Thames Power Limited, will begin construction in 1992 of a 1,000 megawatt combined-cycle gas turbine power generating station at Barking in east London. Financing arrangements have been concluded and a natural gas supply agreement signed for the $1.4 billion plant which has been designed to minimize environmental impact and

◀ B



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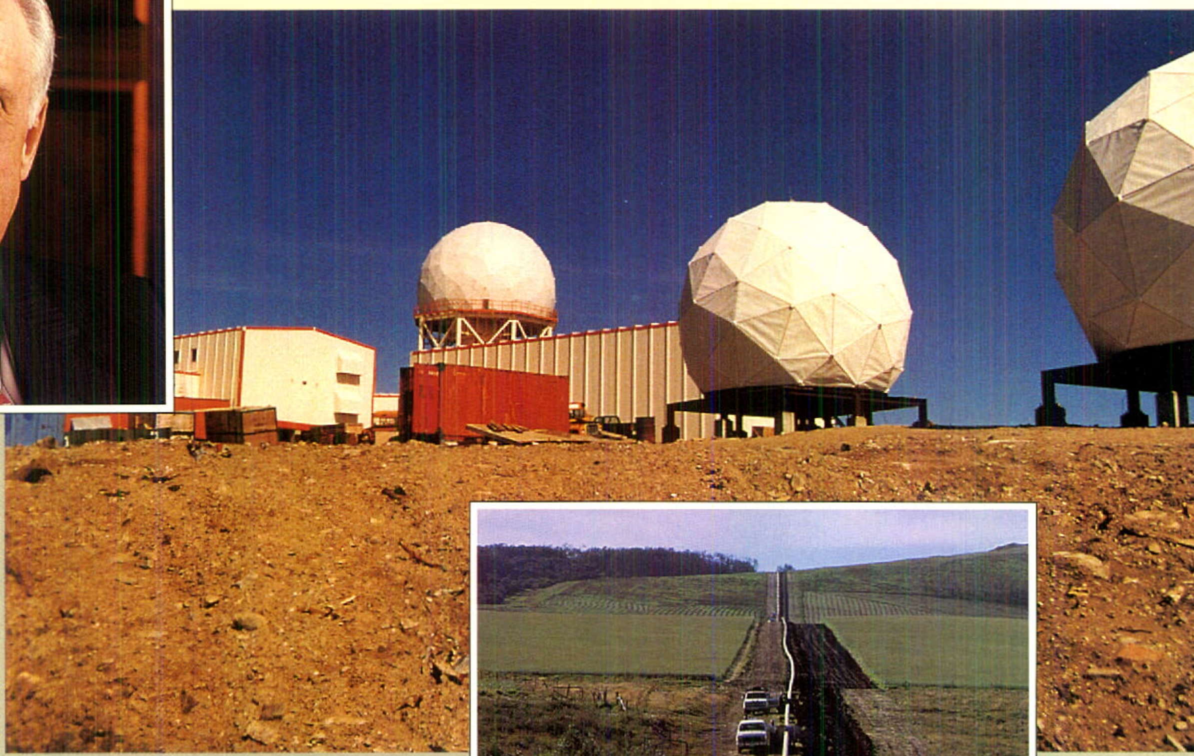

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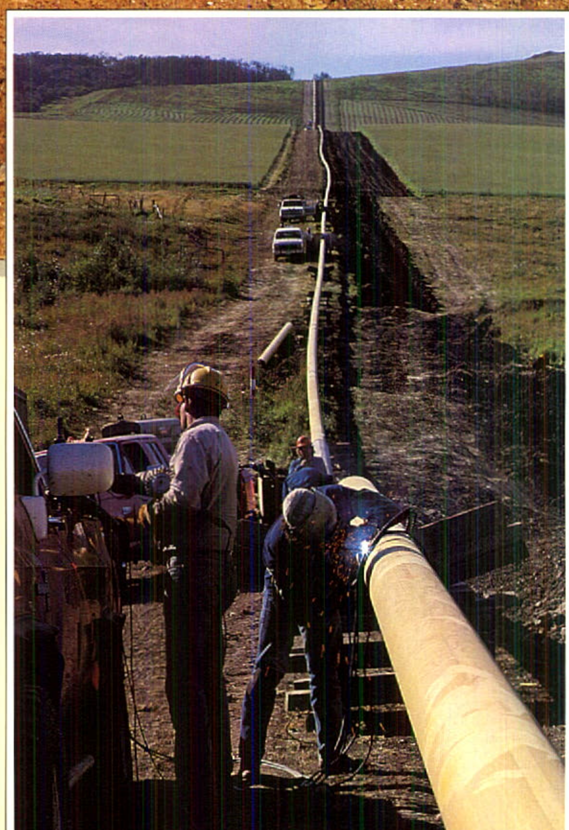


◀ D

A
Dr. J. D. Wood
President and Chief Executive Officer
Canadian Utilities Limited.

B
Sheerness generating station, managed by Alberta Power.

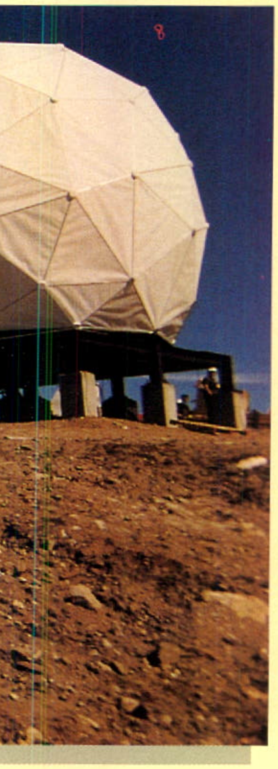
C
FRONTEC operates and maintains satellite ground stations at 47 Arctic locations for the Department of National Defence as part of the North Warning System.

D
Installing a new natural gas pipeline in rural Alberta.

maximize efficiency. CU will assume the lead role in project management and plant operation. Commissioning is scheduled for 1995.

During 1991, CU concluded all the necessary agreements to build, in a joint venture with Westcoast Power Inc., a $115.0 million, 120 megawatt co-generation plant near Fort St. John, B.C. In late 1993, the plant will begin supplying electricity to B.C. Hydro and steam to Westcoast's adjacent gas processing plant.

Frontec Logistics Corp. ("Frontec") was awarded a Canadian Defense Department contract, valued at $23.0 million, to operate and maintain airport runways, ground facilities and fire fighting and emergency response facilities at the Southport Aerospace Centre in Portage La Prairie, Manitoba. Frontec also purchased Narwhal Arctic Services Limited, which provides technical and construction support in the high Arctic, including hotel and building services.



▲ *New regional service centre for northwest Calgary customers.*

The CU Gas Division's complementary operations include water distribution, natural gas gathering and processing, and customer billing services. A new company, CU Water Limited, signed contracts to build, own and operate a $10 million water transmission line that will bring water from Edmonton to communities east of the city. CU Gas also designed, built and now operates its first gas gathering and processing project, including a refrigeration plant and compressor station, for a producer at Calahoo, Alberta.

ATCOR Resources Ltd.

In its first full year as a publicly owned corporation, ATCOR enjoyed increased earnings in each of the principal segments of its business.

Earnings were $4.3 million, compared to restated earnings of $3.4 million in 1990. Production of crude oil, natural gas and natural gas liquids increased in 1991 from the previous year; however, because of lower product prices revenues were $114.0 million, down from $123.8 million in the previous year.

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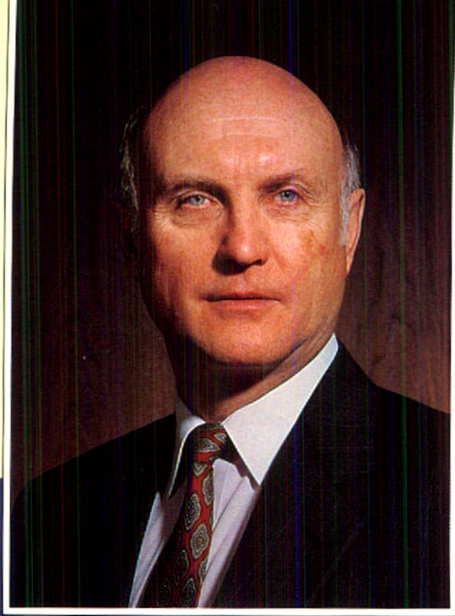

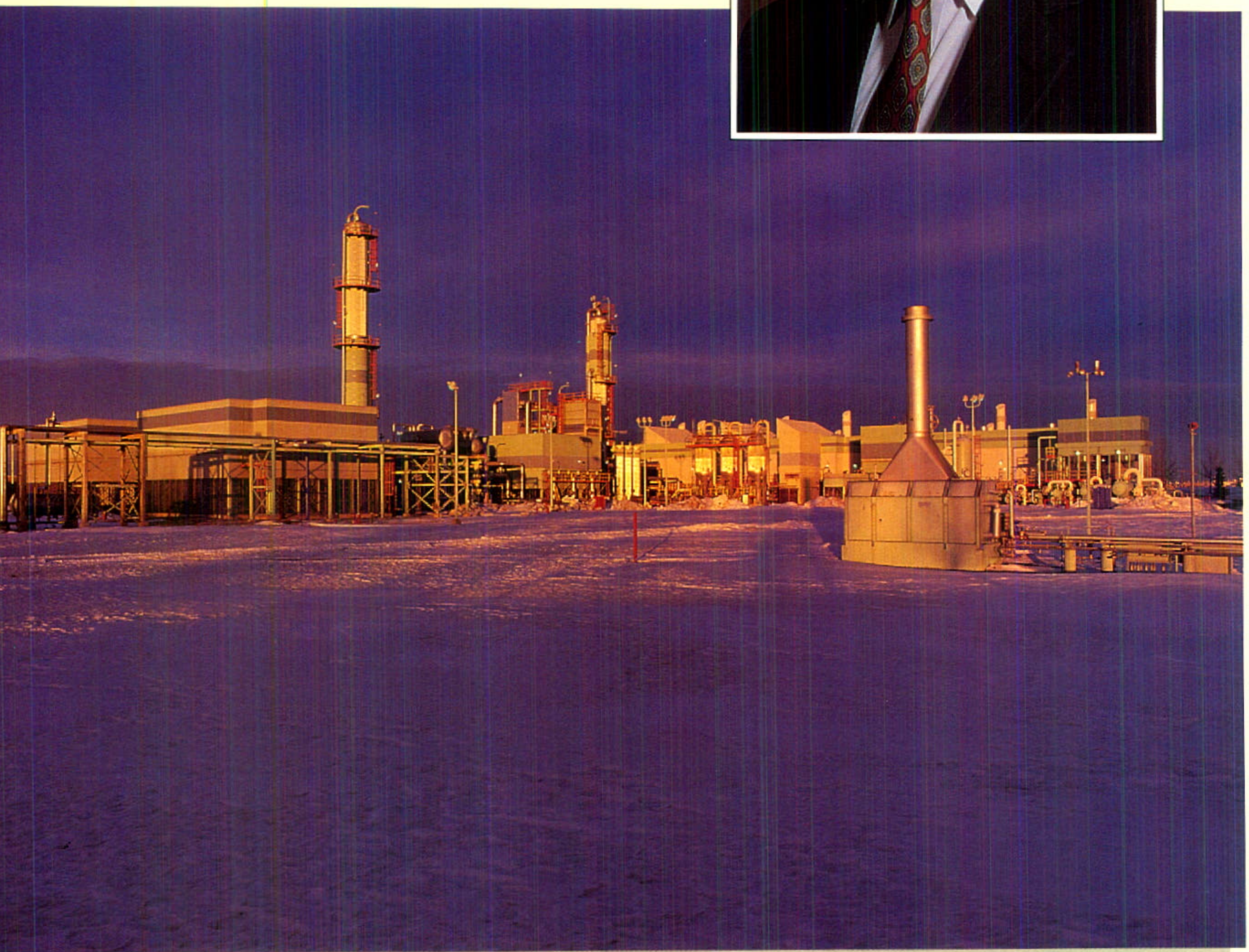

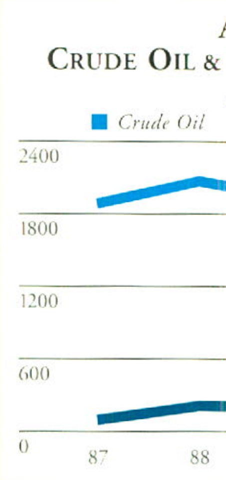

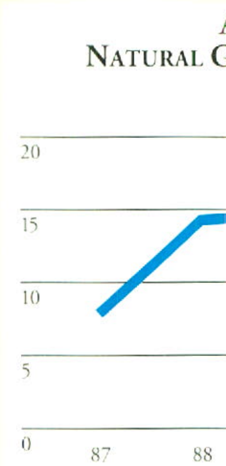

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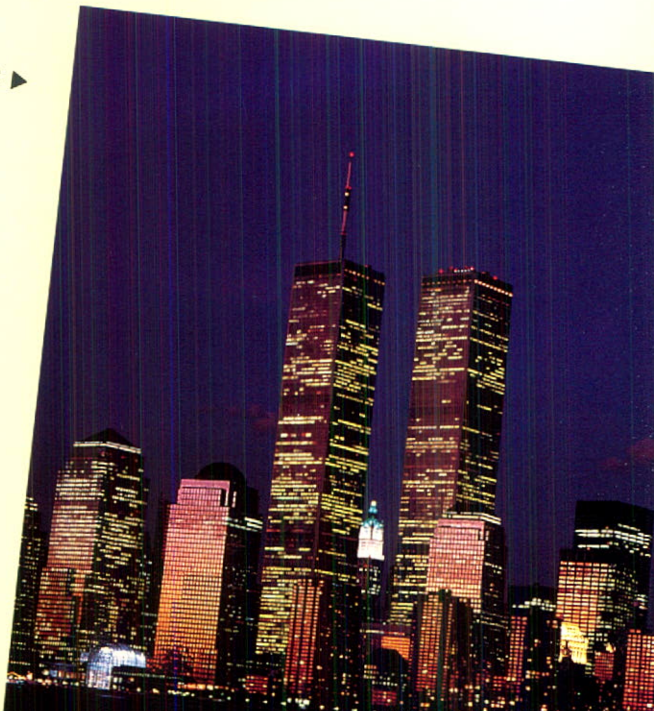
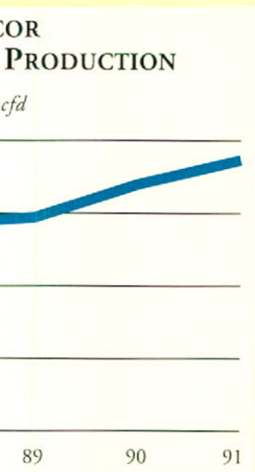


A
A. C. Eastly
President and Chief Executive Officer
ATCOR Resources Ltd.

B
ATCOR's Edmonton Ethane Extraction Plant.

C
ATCOR began natural gas deliveries to northeastern United States.



Capital expenditures totalled $38.4 million, compared to $30.1 million in 1990. A major factor in the increase was $11.9 million spent on gas processing facilities at Caroline, Alberta. Construction of facilities at Caroline is progressing on schedule with the commencement of production anticipated in the first quarter of 1993.

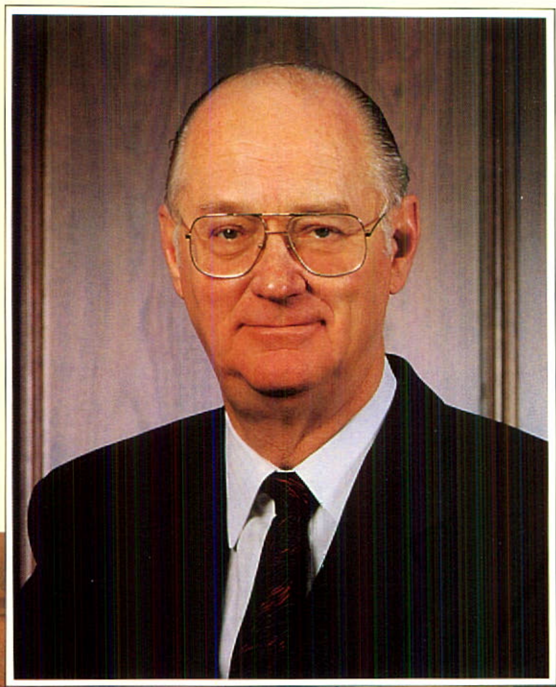
Daily average production of crude oil and natural gas liquids was 2,383 barrels, which was 11% higher than 1990. 1992 production is expected to increase over 1991 levels. Reserves additions through exploration and development, as well as acquisitions, were 4.3 million barrels of oil equivalent, which is 25% higher than reserve additions in 1990.

Natural gas production averaged 18.2 million cubic feet ("Mmcf") per day, up 9% from last year. In early January 1992, ATCOR purchased 20 billion cubic feet of gas reserves in northeastern Alberta. This acquisition, along with ongoing development programs, is expected to result in a 40% increase in natural gas production over the next two years.

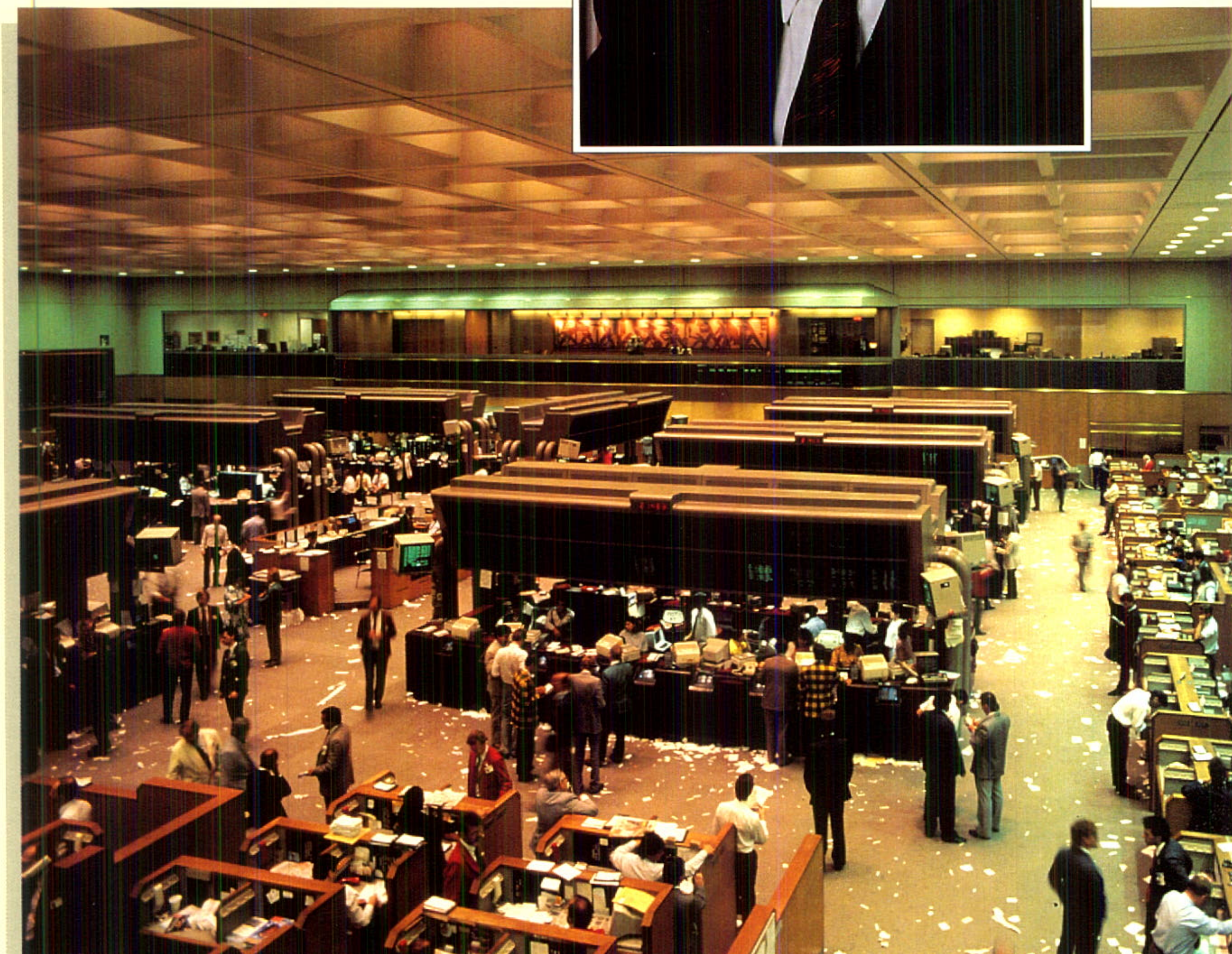
ATCOR marketed 205 Mmcf per day of natural gas, slightly more than 1990. In 1992, ATCOR expects to market approximately 240 Mmcf per day.

In late 1991, ATCOR began shipping natural gas to customers in the northeastern United States and by late 1992, ATCOR expects to be shipping approximately 37 Mmcf per day to this market. ATCOR has also entered into a 15-year contract to supply up to 17 Mmcf per day to a co-generation project near Albany, N.Y., scheduled to begin operation in early 1994.

Natural gas processed in 1991 averaged 280 Mmcf per day, unchanged from 1990. Gas volumes processed for other producers were 131 Mmcf per day, down slightly from 1990.



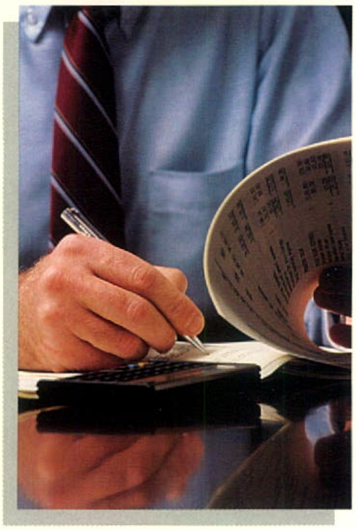
C. S. Richardson
Senior Vice President,
Finance and Chief Financial Officer
ATCO Ltd.



Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

The following discussion and analysis of financial condition and results of operations of the Corporation for the two years ended December 31, 1991 should be read in conjunction with the Corporation's audited consolidated financial statements which include the accounts of ATCO Ltd. and all of its subsidiaries ("ATCO"). The principal operating subsidiaries are: ATCO Enterprises Ltd. (100% owned) and its subsidiaries; Canadian Utilities Limited (50.09% owned) and its subsidiaries ("Canadian Utilities"), which comprise the utility subsidiaries Alberta Power Limited ("Alberta Power"), Canadian Western Natural Gas Company Limited ("Canadian Western Natural Gas") and Northwestern Utilities Limited ("Northwestern Utilities"); and ATCOR Resources Ltd. ("ATCOR") (50.05% owned). ATCO Ltd. and its wholly owned subsidiaries are collectively referred to herein as "the Corporation". Both Canadian Utilities and ATCOR have published Annual Reports containing their Managements' Discussion and Analysis of Financial Condition and Results of Operations. For details of how to obtain copies of these documents, the reader's attention is directed to Shareholders' Information on the back inside cover of this report.



Results of Operations

Revenues of $1,484.6 million showed an increase of 3.0% over those of the previous year, while segmented operating profit increased by 2% to $364.0 million. Consolidated earnings per share were $1.31, up 11.0% from $1.18 originally reported in 1990 and up 9.2% over the restated 1990 earnings of $1.20 per share. The restatement is explained in Note 6 to the financial statements.

Manufacturing and Leasing

Revenues of the Manufacturing and Leasing segment were as follows:

	1991	1990
	($ Millions)	
Manufacturing & Industrial Leasing	65.2	66.7
Space Rentals	69.6	72.2
Total	134.8	138.9

Western Canadian capital resource projects provide the primary domestic market for the Canadian Manufacturing & Industrial Leasing Division. Although environmental and economic concerns have resulted in the deferral or cancellation of several proposed projects, creating uncertainty as to their future, the Division was able to commence several major shelter projects in 1991. Three major lease contracts will continue into 1993 and will provide anticipated revenues of $6.5 million in 1992.

The Industrial lease fleet declined in size slightly during 1991. The year end fleet consisted of 3,741 units compared to 3,802 units at the end of 1990. Average fleet utilization declined to 26.5% in 1991 from 28.2% in 1990. It is the Corporation's intention to continue to reduce the industrial fleet through the sale of used units in response to reduced market demand.

International sales totalled $24.4 million in 1991 compared to $5.6 million in 1990, mostly in the Middle Eastern market. In the Kingdom of Saudi Arabia, ATCO remained operational throughout the Gulf War in early 1991. An agreement was reached with a manufacturer located in Sharjah, United Arab Emirates to subcontract shelter products. Other substantial supply contracts in the region were marketed, administered and coordinated through ATCO's International Sales Division, domiciled in North America.

Space Rental revenues declined from $72.2 million in 1990 to $69.6 million in 1991, reflecting the economic recession in ATCO's domestic markets and its impact on the commercial and residential construction industry. The lease fleet had a 7.4% increase of 463 units during 1991. The fleet contained 6,710 units at December 31, 1991 and averaged a 65.7% utilization rate. This compares to a utilization rate of 70.4% for 1990 on a fleet of 6,247 units. In Canada, the markets experiencing the most softening during 1991 were British Columbia and the eastern regions, with the prairie region remaining relatively strong. During 1991, approximately 30.0% of Space Rental revenues were derived from the resource sector. It is estimated that each 1% change in the level of utilization affects earnings by $0.2 million ($0.01 per share).

In the United States, a Space Rental branch office was established in San Diego during 1991. ATCO also operates Space Rental offices in Ontario (California), Seattle, Denver, Phoenix and Sacramento. The Corporation's markets in Seattle and Denver remained strong during 1991, however, markets in the southwestern United States were weak for most of the year.

Capital expenditures on both the Space Rentals and Industrial lease fleets totalled $26.5 million in 1991. Other capital expenditures in the Manufacturing & Leasing Group amounted to $0.7 million.

Energy Services

As at December 31, 1991, the Corporation owned 28 drilling rigs located in western Canada.

Revenues from drilling operations were $31.5 million, an increase of 12.8% over 1990, due to improved rates. Rig utilization in 1991 averaged 41.5%, down from 44.2% in 1990, and exceeded the overall industry utilization rate of 35.2% in 1991.

The utilization of drilling rigs varies directly with activity levels of oil and gas exploration, which is dependent on demand cycles, pricing and government energy policies. Over the past decade the demand for drilling rigs has fluctuated widely and in recent years, an oversupply of rigs has resulted in underutilization and a decline in operating margins. No significant increase in rig utilization is expected for 1992.

Electric Power

Revenues in 1991 increased by 7.8% to $498.7 million, up $36.2 million from 1990. Contributing to the higher revenues was an increase in customer rates in accordance with the 1991 Alberta Public Utilities Board ("PUB") decision. In addition, retail revenues rose by $8.1 million in the oil field and oil sands sectors and by $8.7 million in the gas and oil processing sector. The higher retail revenues were attributable to a 5.7% increase in electricity consumption.

Operating expenses for 1991 increased by 11.0% to $288.0 million. This increase was primarily due to operating and maintenance expenses which increased by 11.0% to $119.0 million, largely due to the effects of inflation, increased employee training, a full year of operation of Sheerness Generating Station Unit 2 ("Unit 2") after its commissioning in November 1990, and diesel electric generating maintenance; and to fuel and purchased power expenses which rose 16.0% to $78.8 million in 1991 primarily as a result of higher sales of electricity. Fuel costs, which account for over 85.0% of fuel and purchased power expense, are mostly for coal supply. To protect against volatility in coal prices and supplies, Alberta Power owns or has committed under long term contracts sufficient coal supplies for the anticipated lives of its coal-fired generating plants. These contracts are at prices that are either fixed or are indexed to inflation.

On April 19, 1991, Alberta Power filed a general rate application with the PUB requesting an increase in customer utility rates for the 1991 and 1992 test years. Alberta Power also requested the PUB to include the costs of Unit 2 in the rate base commencing in 1992. On December 13, 1991, the PUB issued a decision for the 1991 test year which allowed an unchanged rate of return of 13.5% on the portion of rate base considered to be financed by common equity. The decision also disallowed $2.9 million of forecast operating and maintenance expenses. As a result, 1991 revenues increased by $10.6 million. A decision for the 1992 test year, including a decision on Unit 2, is expected during the first quarter of 1992.

In September 1991, a joint venture of Canadian Utilities and Westcoast Power Inc. ("Westcoast") completed construction of a $15.7 million, 144-kilovolt power transmission system between the Alberta/British Columbia provincial boundary and Fort Nelson, British Columbia. The joint-venture has a 20-year contract with British Columbia Hydro and Power Authority (BC Hydro) to supply electricity, purchased from Alberta Power, to the community of Fort Nelson.

In August 1991, a second joint venture of Canadian Utilities and Westcoast finalized agreements for the construction of a $115.0 million, 120 megawatt co-generation plant at Taylor, British Columbia (McMahon Cogeneration Project). This venture will supply electricity to BC Hydro under a 20-year electricity purchase agreement. All agreements and approvals necessary to allow construction have been obtained. Construction will commence in mid-1992 with completion scheduled for late 1993. Canadian Utilities has guaranteed 50% of the borrowings for this project during the construction phase.

Canadian Utilities has a 50% equity interest in Thames Power, a London, England based company established to develop private power projects in the United Kingdom.

Thames Power has a 51% interest in a project to construct and operate a 1,000-megawatt, £688.6 million ($1.4 billion) natural gas fired combined cycle generating plant at Barking in London, England. A contract has been signed with British Gas plc for a 15-year supply of natural gas. A turnkey construction contract for £368.0 million ($751.0 million) was signed on January 13, 1992. Three regional electricity companies have agreed to purchase all the output of the plant for 15 years. The three regional electricity companies own the remaining 49% interest in the project.

On March 12, 1992, financing arrangements were finalized for credit facilities totalling £661.0 million ($1.3 billion) to finance construction of the project, provide standby facilities and provide for working capital requirements. The main credit facilities will provide 86.5% of the construction funding requirements and the balance will be provided by the project owners in the form of equity and subordinated loans. Construction will commence in July 1992, with completion scheduled for the third quarter of 1995.

Natural Gas

Revenues for 1991 increased marginally over 1990 by $0.6 million to $656.5 million. Contributing to the higher revenues was an increase in customer rates awarded to Canadian Western Natural Gas and Northwestern Utilities by the PUB largely offset by temperatures which were 4.2% warmer than in 1990. In addition, revenues rose by $10.3 million as a result of an increase of 11,868 customers (1.8%) being served; however, this was offset by a decrease in revenues of $11.5 million due to lower customer rates reflecting lower natural gas cost.

Operating expenses for 1991 decreased by 0.1% to $532.3 million. This decrease was primarily due to lower natural gas costs and was partially offset by increased expenses for operation and maintenance and depreciation. Natural gas supply expenses decreased in 1991 by 8.6% to $265.1 million. Contributing to this decrease was the purchase of lower volumes due to warmer weather and the purchase of natural gas at lower prices. Operation and maintenance expenses increased in 1991 by 9.0% to $161.5 million and depreciation expense rose 12.1% to $44.8 million in 1991.

Since 1985, earnings from natural gas utility operations have been adversely affected by temperatures which have been above normal. In 1991 temperatures which were 4.2% warmer than in 1990 (5.9% warmer than normal) reduced earnings by $2.0 million ($0.07 per share).

On January 2, 1991, Northwestern Utilities filed a general rate application with the PUB requesting an increase in customer rates for the 1991 and 1992 test years. On November 18, 1991, the PUB issued a final decision which was amended by an order dated November 22, 1991. This decision and order approved, among other things, a rate of return of 13.75% for each year on the portion of rate base considered to be financed by common equity. In addition, the decision further approved an increase in rates to recover the PUB estimated revenue deficiencies of $15.2 million and $29.8 million for 1991 and 1992, respectively. Also approved was the utilization of a 20-year average when forecasting annual degree days in setting utility rates. This new method more closely reflects actual weather patterns than the former practice of employing a 50-year average.

On January 2, 1992, Canadian Western Natural Gas filed a general rate application with the PUB requesting an increase in customer rates for the 1992 and 1993 test years. The rate increase would increase forecast revenues by $16.1 million and $28.1 million in 1992 and 1993, respectively. The application incorporates forecast costs which, among other things, are based on rates of return on the portion of rate base considered to be financed by common equity of 13.75% for each year. Canadian Western Natural Gas has also requested that a portion of the 1992 rate increase be implemented effective April 1, 1992 on an interim refundable basis pending the outcome of the general rate application. Hearings to decide on interim rates and the general rate application are scheduled for March 1992 and June 1992, respectively.

The Corporation has a 23.4% interest in Metscan, Inc. ("Metscan") of Lima, New York, at an equity value of $4.0 million. Metscan designs, fabricates and markets automatic meter reading equipment for the natural gas utility industry and other applications. Metscan is in the early stages of developing markets for its industrial, commercial and residential products, and while the products have been well received, sales volumes have been inadequate to allow the company to be profitable to date. It is not known at this time when the company will achieve profitability.

In 1991, Canadian Utilities formed a new company, CU Water Limited, to build, own and operate a pipeline to supply water to rural customers east of Edmonton. The initial phase of this project is estimated to cost $10.0 million of which 50% will be financed with grants from the Province of Alberta. These grants were provided to the Highway 14 Regional Water Services Commission under an existing program for Alberta municipalities administered by the Department of Transportation and Utilities. Construction of the pipeline is scheduled to be complete by July 1992.

Gas and Oil

Revenues from the sale of oil and natural gas production decreased by 6.1% to $26 million, reflecting price declines in oil and gas which were offset by increased production levels and by crude oil price hedging. ATCOR hedged 174,000 barrels of 1991 production for a gain of $1.2 million. Although no hedging transactions have yet been conducted for 1992, ATCOR will continue to hedge crude oil prices as opportunities arise. The following table compares ATCOR's 1991 production and prices with those of 1990:

	1991	1990	% Change
Production			
Crude oil and natural gas liquids (Bbl/d)	2,383	2,150	+10.8
Natural gas (Mcf/d)	18,150	16,642	+ 9.1
Prices			
Crude oil ($/Bbl)	18.43	23.70	−22.2
Natural gas ($/Mcf)	1.33	1.59	−16.3

Although 1992 daily volumes of oil and gas are expected to exceed 1991 levels, the effect on earnings and cash flow will depend on commodity prices.

Cash flow from operations was $24.3 million in 1991, down 6.1% from $25.9 million in 1990 primarily due to lower oil and gas prices and higher administrative costs.

ATCO corrected the 1989 carrying value of its oil and gas properties due to a revision to the ceiling test, reducing the 1989 carrying value of assets by $14.3 million. After deferred income tax and minority shareholders' interests, the writedown resulted in a reduction in earnings for 1989 of $2.2 million.

Commodity prices are one of the key factors in determining whether or not the carrying value of oil and gas assets is recoverable. Consequently, any movement in prices is critical and the magnitude and direction of price changes could have a significant effect on the carrying value of its oil and gas properties in future years.

Based on 1991 volumes, each $1.00 per barrel increase in the price of oil and $0.10 per Mcf increase in the gas price for one year would increase earnings by $0.2 million and $0.15 million, respectively ($0.01 per share).

Revenues from natural gas marketing and natural gas processing and liquids extraction operations decreased by 8.4% to $94.5 million in 1991, reflecting lower gas prices. Natural gas processed under custom processing contracts decreased by 2% to 131 million cubic feet per day. Volumes of natural gas marketed increased by 1.0% to 206 million cubic feet per day in 1991.

It is anticipated that volumes of gas marketed should reach approximately 240 million cubic feet per day by the end of 1992 as a result of the commencement of deliveries under the Alberta Northeast ("ANE") project. This project, which delivers gas to the northeastern United States via the Iroquois Pipeline, commenced deliveries in December 1991 at a 5 million cubic feet per day and increased to approximately 27 million cubic feet per day in late January 1992. It is anticipated that maximum volumes of 37 million cubic feet per day will be reached on November 1, 1992. These volumes represent ATCOR's share of the ANE project. This market is included in ATCOR's netback pool of which 40% is reserved for ATCOR's own production, with the balance being supplied by producers under contract.

Capital expenditures for 1991 were $38.4 million, up 27.6% from $30.1 million in 1990. This increase is the result of development of the Caroline gas field ("Caroline") which commenced in late 1990. ATCOR's Caroline expenditures totalled $11.9 million in 1991 compared with $1.5 million in 1990, and it is anticipated that ATCOR will expend approximately $20 million until production commences in the spring of 1993.

Caroline expenditures are being funded by debt. Exploration and development, other than Caroline, will continue to be funded by internally generated cash flows.

Other

ATCO's other businesses comprise logistic operations and maintenance primarily for the North Warning System contract, information systems, property management and Southco Travel.

ATCO's subsidiary, Frontec Logistics Corp., has a contract with the Government of Canada to operate and maintain the North Warning System until December 31, 1992. The Government is currently reviewing an amendment to the contract which would increase the total contract amount from $175 million to $195 million. A decision is expected in late March 1992. Separate negotiations are also underway to extend the contract an additional 27 months to March 31, 1995.

ATCO is negotiating with a prime contractor who was chosen by the Government of Canada to develop, supply and install communication equipment in Department of Defence vehicles over a 10-year period. Negotiations are expected to be completed in the first quarter of 1992. It is not possible at this time to forecast the revenues ATCO will receive from this contract.

Other Income and Expense

Interest expense increased by $5.6 million over 1990, due to the full year impact of the issue of debentures totalling $175 million in late 1990 to fund the Canadian Utilities capital expenditure program. 94% of the consolidated indebtedness is at fixed rates of interest, while only $82.4 million or 6% is at floating rates. The impact on earnings of changes in the prime rate is not significant.

Allowance for funds used by utilities ("AFU") increased in 1991 by $3.6 million to $36.2 million primarily due to Unit 2 which during 1991 earned AFU as Plant Held For Future Use of $27.4 million. If Unit 2 is allowed into rate base as requested by Alberta Power in its 1992 general rate application, 1992 AFU will drop substantially.

The reduction in other income reflects the lower interest income due to the maturity of $50 million of Hydro-Quebec bonds in 1990 which is offset by higher cash on deposit in 1991 than in 1990 and the writedown of investments by ATCOR in 1990.

Income taxes decreased by $11.1 million over 1990 primarily due to the PUB approved change in the method of calculating provincial income taxes. The PUB directed this change during 1991 as a result of the provincial government's elimination of the refund to customers of provincial income taxes, by ruling that maximum capital cost allowance claims should be made in calculating provincial income taxes.

Prior to 1990, the Public Utilities Income Tax Transfer Act (Canada) and enabling legislation passed by the Province of Alberta refunded for rebate to customers 95% of the federal and 100% of the provincial income taxes paid by the Corporation attributable to its electric and natural gas utility operations in Alberta.

In 1990, the Government of Canada capped the refunds of federal income taxes for the Corporation's 1990 and 1991 fiscal years at the 1989 level and the Province of Alberta eliminated the refunds of provincial income taxes. On December 17, 1991, the federal government extended the cap at the 1989 level to the end of 1995.

Utility customer rates are designed to recover income tax expense. Any change to income tax rebate legislation will affect customers' net costs for utility services but will not have any direct effect on earnings attributable to the Corporation's Class I non-voting and Class II voting shares.

As explained in Note 3 to the Financial Statements, ATCO Enterprises Ltd.'s unrecorded tax benefits relating to its Canadian operations were eliminated during 1991. Utilization of tax losses by these operations in 1991 amounted to $3.4 million ($0.11 per share). The subsidiary's earnings from its Canadian operations in future years will be fully taxable.

Liquidity and Capital Resources

Internally generated funds comprised of cash generated by operations provided substantial amounts of ATCO's cash requirements in 1991 and 1990. Cash from operations totalled $296.8 million in 1991 as compared to $292.8 million in 1990.

A substantial portion of ATCO's operating income and cash flow is generated from its utility operations. The utilities use commercial paper borrowings and bank loans to provide flexibility in the timing and amounts of long term financing. Utility rates designed to recover financing costs and depreciation over the useful life of the utility assets assure the availability of funds for debt interest and retirement, and preferred share dividends and redemption.

The 1989 PUB decision disallowing the costs of Unit 2 from Alberta Power's rate base resulted in a significant shortfall in cash flow of $38.0 million in 1991. Consequently, additional debt had to be raised, which increased interest expense and affected Canadian Utilities' debt to equity ratio and interest coverage ratios. Alberta Power, in its 1992 general rate application, has requested the PUB to include the costs of Unit 2 in rate base.

During 1990, the Corporation redeemed $50.0 million of Series 1 Junior Preferred Shares from the proceeds of the maturity of $50.0 million of Hydro-Quebec bonds.

Capital expenditures in 1991 totalled $365.3 million. These were primarily financed by internally generated funds and by the issue of $200.0 million of Preferred Shares.

Capital expenditures in 1992 are expected to total $402.0 million, which will be financed as follows:

	$Million
From internal sources	220
From external sources — net of refinancing	135
Contributions by customers for extensions to utility plant	23
Other (sale of assets, AFU, etc.)	24
	402

In addition to the long term and medium term facilities described in Note 10 to the financial statements, ATCO had short term credit facilities available at December 31, 1991 of $57.7 million of which $1.2 million had been drawn.

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Corporation contained in this annual report. The consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles and necessarily include some amounts that are based on informed judgments and best estimates of management.

Price Waterhouse, our independent auditors, are engaged to express a professional opinion on the consolidated financial statements. Their examination is conducted in accordance with generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the consolidated financial statements prepared by management are presented fairly in accordance with generally accepted accounting principles.

The Board of Directors, through its Audit Committee comprised of four non-management directors, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management, the internal auditors and the independent auditors to discuss auditing and financial matters and to gain assurance that management is carrying out its responsibilities. The internal auditors and the independent auditors have full access to the Audit Committee.

C. S. Richardson
Senior Vice President, Finance and
Chief Financial Officer

A. J. Pullman
Vice President,
Planning and Budgeting

March 2, 1992

Auditors' Report

Price Waterhouse

To the Shareholders of ATCO Ltd.

We have audited the consolidated balance sheets of ATCO Ltd. as at December 31, 1991 and 1990 and the consolidated statements of earnings and retained earnings and changes in cash position for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1991 and 1990 and the results of its operations and changes in its cash position for the years then ended in accordance with generally accepted accounting principles.

Price Waterhouse.

Chartered Accountants
Calgary, Alberta

March 2, 1992, except as to Note 16
which is as of March 12, 1992

Consolidated Statement of Earnings and Retained Earnings

(Thousands of Canadian Dollars)

	Note Reference	Year Ended December 31 1991	1990 (Restated)
Revenues		$1,484,570	$1,441,656
Costs and expenses			
Natural gas supply		265,063	289,980
Operating and maintenance		542,293	504,633
Selling and administrative		174,502	159,899
Depreciation, depletion and amortization		138,687	129,431
Interest	10	152,179	146,547
		1,272,724	1,230,490
Operating income		211,846	211,166
Allowance for funds used by utilities			
During construction		5,492	18,495
On plant held for future use	9	30,679	14,109
		36,171	32,604
Other income	2	8,879	14,771
		256,896	258,541
Income taxes			
Current		83,300	93,219
Deferred		5,054	6,201
	3	88,354	99,420
		168,542	159,121
Minority shareholders' interests	4	105,553	94,243
Earnings for the year		62,989	64,878
Dividends on redeemable preferred shares	5	23,422	28,437
Earnings attributable to Class I and Class II shares		39,567	36,441
Retained earnings at beginning of year	6	190,484	161,963
		230,051	198,404
Dividends on Class I and Class II shares		7,271	7,265
Direct charges to retained earnings	7	1,145	655
Retained earnings at end of year		$ 221,635	$ 190,484
Earnings per Class I and Class II share		$ 1.31	$ 1.20
Dividends paid per Class I and Class II share		$ 0.24	$ 0.24

Consolidated Balance Sheet

(Thousands of Canadian Dollars)

	Note Reference	December 31 1991	1990 (Restated)
Assets			
Current assets			
Cash and short term investments		$ 26,544	$ 5,246
Accounts receivable		200,040	222,360
Inventories		62,745	61,602
Income taxes recoverable		—	4,724
Prepaid expenses		7,945	7,836
		297,274	301,768
Investments	8	45,055	39,629
Property, plant and equipment	9	3,242,585	3,018,372
Goodwill		110,416	115,176
Deferred financing charges and other assets		40,364	38,011
		$3,735,694	$3,512,956
Liabilities and Shareholders' Equity			
Current liabilities			
Bank indebtedness		$ 5,866	$ 9,299
Accounts payable and accrued liabilities		206,260	236,834
Income taxes payable		3,400	—
Long term debt due within one year	10	65,150	39,965
		280,676	286,098
Contributions by customers for extensions to utility plant		275,685	267,373
Deferred credits		17,646	9,980
Deferred income taxes		9,211	5,060
Long term debt	10	1,283,639	1,302,942
Minority shareholders' interests	4	1,211,247	1,010,216
Redeemable preferred shares	5	300,000	305,000
Class I and Class II shareholders' equity			
Class I and Class II shares	11	136,701	136,514
Retained earnings		221,635	190,484
Foreign currency translation adjustment		(746)	(711)
		357,590	326,287
		$3,735,694	$3,512,956

Robert Rice

Director

Director

Consolidated Statement of Changes in Cash Position

(Thousands of Canadian Dollars)

	Year Ended December 31	
	1991	1990
		(Restated)
Operating Activities		
Earnings for the year	$ 62,989	$ 64,878
Non-cash items included in earnings for the year		
Depreciation, depletion and amortization	138,687	129,431
Deferred income taxes	5,054	6,201
Minority shareholders' interests	105,553	94,243
Other — net	(14,095)	(7,402)
Decrease (increase) in non-cash working capital	(1,382)	5,436
	296,806	292,787
Dividends		
Paid to shareholders of the Corporation	(30,693)	(35,702)
Paid to minority shareholders of subsidiaries	(91,827)	(85,686)
	(122,520)	(121,388)
Financing activities		
Issue of long term debt	185,132	230,747
Reduction of long term debt	(179,181)	(76,050)
Issue of Class A non-voting shares by subsidiary	114	12,512
Issue of preferred shares by subsidiary	200,000	—
Redemption of preferred shares by subsidiaries	(11,863)	(4,520)
Redemption of preferred shares by the Corporation	(5,000)	(54,320)
Issue of Class I non-voting shares by the Corporation	187	114
Other — net	18,874	3,766
	208,263	112,249
Cash available for investing	382,549	283,648
Investing activities		
Property, plant and equipment	(360,850)	(368,012)
Allowance for funds used by utilities — shareholders' equity	13,217	12,857
	(347,633)	(355,155)
Investments — net	(10,185)	52,796
	(357,818)	(302,359)
Cash position*		
Increase (decrease)	24,731	(18,711)
Beginning of year	(4,053)	14,658
End of year	$ 20,678	$ (4,053)

*Cash position includes cash and short term investments less bank indebtedness.

Notes to Consolidated Financial Statements

December 31, 1991

1. Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of ATCO Ltd. and all of its subsidiaries ("ATCO"). The principal operating subsidiaries are ATCO Enterprises Ltd. (100% owned) and its subsidiaries; Canadian Utilities Limited (50.09% owned) and its subsidiaries ("Canadian Utilities"), which comprise the utility subsidiaries; and ATCOR Resources Ltd. ("ATCOR") (50.05% owned). ATCO Ltd. and its wholly owned subsidiaries are collectively referred to herein as "the Corporation".

Goodwill is recorded at cost and amortized on a straight line basis generally over 40 years.

Utility Regulation

The electric and natural gas utility subsidiaries are regulated primarily by the Alberta Public Utilities Board ("PUB") and the Energy Resources Conservation Board of Alberta, which administer acts and regulations covering such matters as rates, financing, accounting, construction, operation and service area. The PUB may award interim rates, subject to final determination. Decisions made by these authorities and management which affect utility accounting policies are reflected in the consolidated financial statements after the date of decision.

Property, Plant and Equipment

The utility subsidiaries include in capital expenditures an allowance for funds used during construction and on plant held for future use at rates approved by the PUB for debt and equity capital.

Plant held for future use is plant which has been completed, is in service or is capable of service, the cost of which has been excluded from rate base. The PUB will determine when this plant may be included in rate base.

Certain utility additions are made with the assistance of non-refundable cash contributions from customers where the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. These contributions are amortized on the same basis as, and offset the depreciation charge of, the assets to which they relate.

On retirement of depreciable utility assets, the accumulated depreciation is charged with the cost of the retired unit, disposal and site restoration costs less salvage.

In accounting for non-regulated gas and oil exploration and development activities, the full cost method is followed whereby all costs relating to the exploration for, and development of, petroleum and natural gas properties are capitalized in one cost centre. Interest costs are capitalized on major development projects. The capitalized cost of petroleum and natural gas properties, net of related deferred income taxes and accrued future removal and site restoration costs, is limited to an amount equivalent to the estimated net amount to be received with respect to the production of proved reserves, based on current prices and costs, plus the net cost of unproved properties less estimated future general and administrative expenses, financing costs, income taxes and future removal and site restoration costs (the "Ceiling Test").

Depreciation Methods and Rates per Annum

	Straight Line	Declining Balance
Electric and natural gas utility plant and equipment	1.5% to 10.2%	
Industrial rental assets	10%	
Space rental assets	6%	
Drilling rigs	6% to 10%	
Other buildings, furniture, fixtures and equipment	2.5%	5% to 30%

The costs of gas and oil properties (except for those costs, less any impairment, relating to significant unproved properties which are awaiting determination of proved reserves and major development projects prior to the commencement of production) are depleted by the unit of production method using ATCO's share of gross (before royalties) reserves and production. Oil and natural gas liquids reserves and production are converted to natural gas equivalents using a relative energy content of 6.5 thousand cubic feet of gas equalling one barrel of oil.

Revenue Recognition

Utility revenues are recognized on the accrual basis.

Significant additional revenues or refunds resulting from PUB decisions are recorded in the year to which they relate. Other adjustments are recorded in the current year.

Revenues resulting from the supply of contracted products or services are recorded by the percentage of completion method. Any anticipated loss is provided for in its entirety.

Natural Gas Supply

Natural gas supply expense is based on the forecast cost of natural gas included in customer rates. Variances from forecast costs are deferred until such time as approval from the PUB is obtained for refund to or collection from customers through revised rates and natural gas supply expense is adjusted accordingly.

Income Taxes

Utility Subsidiaries

The "Normalized-All Taxes Paid" method is used to account for federal corporation income taxes. As a result of the Government of the Province of Alberta eliminating the refund of provincial corporate income taxes to customers, the PUB has directed a change from the "Normalized-All Taxes Paid" method to the use of the "Flow-Through" method to account for provincial taxes.

The "Normalized-All Taxes Paid" method does not result in a deferral or postponement of income taxes as timing differences between accounting earnings and taxable income are eliminated. The "Flow-Through" method results in a deferral or postponement of income taxes.

Prior to adoption of the "Normalized-All Taxes Paid" method, income taxes were recorded using the "Flow-Through" method. As the income tax component of rates approved by the PUB is designed to recover only income taxes currently payable, no provision has been made in the consolidated financial statements for deferred income taxes arising from the use of the "Flow-Through" method. The customer in future years will bear an additional charge in the event of a reversal of these unbooked deferred income taxes. Significant reversals are not expected in the foreseeable future.

Other Subsidiaries

The "Tax Allocation" method of accounting for income taxes is used by subsidiaries other than utilities.

Deferred Financing Charges

Expenses of issue of long term debt are amortized over the term of the debt and expenses of issue of preferred shares are amortized over the expected life of the issue. Premiums paid and issue costs of redeemed long term debt and preferred shares are amortized over the life of the issue funding the redemption.

Pensions

ATCO has defined benefit plans covering substantially all its employees. Employees participate through contributions to the plans which provide for pensions based on length of service and final average earnings. The cost of pension benefits is determined using the accrued benefit actuarial cost method and reflects management's best estimates of investment returns, wage and salary increases and age at retirement. Adjustments resulting from plan enhancements, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service life of employees. Assets in the plans are valued annually at market adjusted for a three year averaging of unrealized gains or losses.

2. Other Income

	1991	1990
	(Thousands of dollars)	
Interest	$5,845	$14,074
Dividends	1,508	1,364
Other	1,526	(667)
	$8,879	$14,771

3. Income Taxes

The income tax provision differs from that computed using the statutory tax rate for the following reasons:

	1991	1990
	(Thousands of dollars)	
Earnings before income taxes and minority interests	$256,896	$258,541
Income taxes at statutory rate of 44.22% (1990 — 43.84%)	$113,599	$113,345
Provincial timing differences (see below)	(18,126)	—
Allowance for equity funds used by utilities	(6,961)	(6,526)
Crown royalties and other non-deductible government payments	4,632	2,832
Earned depletion and resource allowance	(4,775)	(6,363)
Recovery of previously unrecorded tax benefits	(3,939)	(7,278)
Large corporation tax	4,642	3,501
Provincial rebates	(1,835)	(1,103)
Non-taxable dividends	(733)	(590)
Other	1,850	1,602
	$ 88,354	$ 99,420

Unrecorded deferred taxes of the utility subsidiaries increased by $18,126,000 due to the "Flow-Through" method resulting in approximately $151,000,000 at December 31, 1991.

A United States subsidiary has operating loss carryforwards of approximately $16,900,000 and asset values for tax purposes in excess of the corresponding values for book purposes of $5,200,000, for which the tax benefits have not been recognized in the accounts. The operating loss carryforwards are available to reduce future years' taxable income and begin to expire in 1998.

At January 1, 1991, a Canadian subsidiary had asset values for tax purposes which were $37,000,000 in excess of the corresponding values for book purposes and for which the related tax benefits had not been recognized in the accounts. During the year, the subsidiary and Revenue Canada agreed on a $29,241,000 reduction in the tax value of certain drilling rigs purchased in 1985 from a United States subsidiary. This reduction together with earnings for the year eliminated all of the Canadian subsidiary's previously unrecorded tax benefits.

4. Minority Interests

	1991	1990
	(Thousands of dollars)	
Equity of minority interests in:		
Preferred shares of Canadian Utilities (detailed below)	$ 726,340	$ 536,203
Preferred shares of ATCOR (detailed below)	14,000	16,000
Class A non-voting and Class B common shares of Canadian Utilities	439,523	427,939
Class A non-voting and Class B common shares of ATCOR	29,975	28,867
Other	1,409	1,207
	$1,211,247	$1,010,216

	1991	1990
Canadian Utilities		
Preferred share dividends	$ 48,740	$ 41,956
Earnings attributable to Class A non-voting and Class B common shares	54,234	52,281
ATCOR		
Preferred share dividends	1,121	121
Earnings attributable to Class A non-voting and Class B common shares	1,107	(318)
Other	351	203
	$ 105,553	$ 94,243

On November 19, 1990, the shareholders of Canadian Utilities passed a special resolution to distribute by a plan of arrangement one half of Canadian Utilities' investment in ATCOR, its wholly-owned oil and gas subsidiary. As a result, the Corporation now directly owns approximately 25% and indirectly owns approximately 25% of the Class A non-voting and Class B common shares of ATCOR.

Preferred shares of:

	Issued Amount	
	1991	1990
	(Thousands of dollars)	
Canadian Utilities		
Cumulative Redeemable Preferred Shares, 4.25% to 6%	$ 30,508	$ 30,508
Cumulative Redeemable Second Preferred Shares		
Non-retractable, 7.30% to 8.74%	183,459	118,197
Retractable, 7.08% to 8.375%	512,373	387,498
	$726,340	$536,203
ATCOR		
Floating Rate Cumulative Redeemable Preferred Shares	$ 14,000	$ 16,000

Redemptions and Retractions

The aggregate of required redemptions and maximum possible retractions of preferred shares of Canadian Utilities and ATCOR for each of the next five years are:

1992	1993	1994	1995	1996
$35,092	$203,465	$65,592	$105,592	$130,592

5. Redeemable Preferred Shares

	Issued Amount		Dividends	
	1991	1990	**1991**	1990
	(Thousands of dollars)			
Issued by:				
ATCO Ltd.	**$ —**	$ 5,000	**$ 171**	$ 5,101
CanUtilities Holdings Ltd.	**300,000**	300,000	**23,251**	23,251
ATCO Holdings (N.A.) Ltd.	**—**	—	**—**	85
Total issued (detailed below)	**$300,000**	$305,000	**$23,422**	$28,437

ATCO Ltd.

1991 1990	Issued Shares	Amount	Average Prime Rate	Dividends
		(Thousands of dollars)		
Junior Preferred Shares Authorized 8,000,000 shares				
Series 1	**—**	**—**	**10.9%**	**$ 171**
	200,000	$5,000	14.1%	452
Series 3	**—**	**—**	**—**	**—**
	—	—	N/A	4,649
		—		**$ 171**
		$5,000		$5,101

The Series 1 Junior Preferred Shares were redeemed at $25.00 per share on June 17, 1991. Dividends were payable quarterly, calculated daily at one-half the prime rate plus 2%.

CanUtilities Holdings Ltd.

1991 1990	Issued Shares	Amount	Dividends
		(Thousands of dollars)	
Preferred Shares Authorized 12,000,000 shares	**12,000,000**	**$300,000**	**$23,251**
	12,000,000	$300,000	$23,251

The preferred shares are redeemable at the option of the Corporation and retractable at the option of the holder on October 15, 1994, and at any subsequent retraction date as may be determined by the Corporation, at a price of $25.00 per share. Any shares outstanding at July 1, 2001 will be redeemed at $25.00 per share.

Prior to each retraction date, the Corporation will be entitled to reset the dividend rate to be effective from such date. The dividend rate in effect until the first retraction date of October 15, 1994 is $1.9375 per share per annum.

Redemptions and Retractions

The aggregate of required redemptions and maximum possible retractions of preferred shares of the Corporation for each of the next five years are:

1992	1993	1994	1995	1996
$ —	$ —	$300,000	$ —	$ —

6. Prior Period Adjustment

ATCO has corrected the December 31, 1989 ceiling test calculation which was applied to the net book value of its gas and oil assets. This correction necessitated a write-down of the assets with a resulting reduction in the 1989 earnings of $2,174,000. Accordingly, 1990 opening retained earnings have been adjusted. Adjustment of the 1990 depletion based on the revised asset values, resulted in increased earnings of $596,000 ($0.02 per share) in that year. The effect on retained earnings is as follows:

	December 31	
	1990	1989
	(Thousands of dollars)	
Retained earnings as previously reported	**$192,062**	$164,137
Net effect of ATCO's gas and oil writedown after minority shareholders' interests	**(1,578)**	(2,174)
Retained earnings as restated	**$190,484**	$161,963

7. Direct Charges (Credits) to Retained Earnings

	1991	1990
	(Thousands of dollars)	
Costs of distribution of one half of Canadian Utilities' investment in ATCOR (after taxes and minority shareholders' interests)	**$ —**	$703
Cancellation of stock options (after minority shareholders' interests)	**1,145**	—
Exchange adjustments on preferred shares	**—**	(48)
	$1,145	$655

8. Investments

	1991	1990
	(Thousands of dollars)	
Securities, at cost	**$ 8,885**	$12,105
Joint venture and other investments (on the equity basis)		
Properties held for resale	**10,119**	12,062
Projects under development	**12,725**	10,721
Other	**13,326**	4,741
Total	**$45,055**	$39,629

ATCO's share of the joint ventures' earnings amounts to $581,000 (1990 — losses of $930,000) and is included in revenues.

9. Property, Plant and Equipment

	1991		1990	
	Cost	**Accumulated Depreciation & Depletion**	Cost	Accumulated Depreciation & Depletion
	(Thousands of dollars)			
Electric utility plant and equipment	**$2,101,363**	**$ 587,216**	$1,970,984	$ 531,850
Natural gas utility plant and equipment	**1,449,062**	**414,116**	1,337,099	372,937
Utility plant held for future use	**350,761**	**—**	318,876	—
Drilling rigs and related equipment	**67,915**	**56,610**	67,687	55,982
Gas and oil properties	**291,940**	**113,143**	254,047	104,978
Rental assets	**139,310**	**49,423**	122,317	48,210
Other plant and equipment	**110,724**	**47,982**	104,315	42,996
	$4,511,075	**$1,268,490**	$4,175,325	$1,156,953
Net book value	**$3,242,585**		$3,018,372	

The electric utility subsidiary has a 50% joint ownership in the Sheerness Generating Station, Units 1 and 2. Unit 1 is included in electric plant and equipment; Unit 2 was commissioned in 1990 and is providing power to the Alberta Integrated System and is included in plant held for future use in the amount of $287,834,000 (1990 — $256,916,000). The power generated by Unit 2 has been determined by the PUB to be in excess of that needed to maintain reliability of the System. Until such time as it is determined by the PUB that Unit 2 should be included in the rate base, an allowance for funds used by utilities was approved at a rate comprised of a full rate of return on the debt and preferred portions of capital and the debt rate on the common equity portion of capital.

Significant reserves have been found in the Beaufort-Mackenzie area, but they cannot be categorized as proved at this time. The associated cost at December 1991 of $24,201,000 (1990 — $24,040,000) for these unproved oil and gas properties is not subject to depletion. There are firm plans to drill a well before October 1, 1995. If no further wells are planned and there is no evidence of other significant activity planned for the area, these costs will likely become subject to depletion. In addition, costs of $57,962,000 (1990 — $42,630,000) relating to a major development project and costs of $4,000,000 (1990 — $4,000,000) relating to other unproved properties were not subject to depletion.

No write-down was required as a result of the December 31, 1991 ceiling test calculation using average prices received during the year. However, if year end prices had been used a write-down of oil and gas properties would have been required resulting in a $3,500,000 reduction in earnings for the year.

10. Long Term Debt

	1991	1990
	(Thousands of dollars)	
Canadian Utilities		
Debentures — sinking fund — at fixed rates of 8⅜% to 17½%, due at various dates to 2002	$ 206,590	$ 254,087
Debentures — other — at fixed rates of 9.85% to 13.10%, due at various dates to 2022	940,000	815,000
First mortgage sinking fund bonds, at fixed rates of 6½% to 9¾%, due at various dates to 1994	16,253	16,759
Capitalized lease obligation	13,737	15,036
Notes payable	4,000	70,200
Other	20,268	21,460
ATCOR		
Notes payable	36,021	23,122
ATCO Ltd.		
Term loans, unsecured, at fixed rates of 10.13% to 10.18%, due at various dates to August 1991	—	30,000
Term loans, unsecured, at prime, due at various dates to December 1996	72,500	50,000
ATCO Enterprises Ltd.		
Term Loan, at LIBOR plus ⅞% due March 1, 1997, secured by first charge on certain rental assets, payable in U.S. dollars	15,939	16,008
Term loan on Canadian Western Centre, Phase II, at prime, due December 31, 1994, secured by the building	12,700	12,850
Term loan, at 10⅛%, due March 31, 1992, secured by a first charge on certain drilling rigs	7,500	15,000
Other	531	585
Other	2,750	2,800
	1,348,789	1,342,907
Less: Amounts due within one year	65,150	39,965
	$1,283,639	$1,302,942

The minimum annual repayments of long term debt for each of the next five years are as follows:

1992	1993	1994	1995	1996
		(Thousands of dollars)		
$65,150	$52,560	$151,087	$33,518	$64,024

The terms of the above debt include restrictions relating to new debt and guarantees. Covenants also require maintenance of specified working capital and shareholders' equity. Canadian Utilities is subject to restrictions on the payment of dividends on Class A non-voting and Class B common shares in excess of $136,718,000.

ATCO has fixed the interest rate on certain of its floating rate instruments by entering into interest rate swap agreements as follows:

Maturity Date	Principal Amount	Interest Rate
1996	$27,500,000	7.43%
1998	$30,000,000	10.055%-10.465%

Under a bank loan agreement, which currently provides a line of credit of up to $75,000,000 to December 14, 1992, Canadian Utilities has agreed to maintain an unused amount of not less than 50% of the commercial paper outstanding. Bank loans outstanding under this agreement at December 31, 1991 and 1990 were nil.

ATCOR has two credit facilities aggregating $80,000,000. ATCOR's Revolving Credit Facility includes an option until June 30, 1992 to convert the indebtedness to a term loan repayable in equal annual instalments over five years. Management intends to exercise this option. Accordingly, four-fifths of the total indebtedness relating to the Revolving Credit Facility has been classified as long term. Included in ATCOR's total indebtedness are short term Bankers' Acceptances of $36,822,000 at interest rates which averaged 8% and $5,038,000 of bank indebtedness at bank prime.

A first floating charge debenture of $90,000,000 over the assets of ATCOR and a general security agreement has been granted to the bank. As further security, ATCOR's interest in the Caroline project, its other hydrocarbon properties, and its interest in the Ethane Extraction Plant will be granted, at the request of the bank.

Interest on debt is as follows:

	1991	1990
	(Thousands of dollars)	
Long term loans	**$145,599**	$139,317
Bank indebtedness	**3,628**	3,451
Amortization of financing charges	**6,358**	6,296
Less — capitalized on non-utility projects	**(3,406)**	(2,517)
	$152,179	$146,547

11. Class I and Class II Shares

(Thousands of dollars)

	Class I Non-Voting		Class II Voting		Total	
	Shares	Consideration	Shares	Consideration	Shares	Consideration
Authorized	100,000,000		50,000,000		150,000,000	
Issued:						
December 31, 1989	26,078,790	$ 134,280	4,181,742	$ 2,120	30,260,532	$ 136,400
Employee share option plans	14,000	114	—	—	14,000	114
Conversions: Class II to Class I	4,300	2	(4,300)	(2)	—	—
December 31, 1990	26,097,090	134,396	4,177,442	2,118	30,274,532	136,514
Employee share option plans	22,000	187	—	—	22,000	187
Conversions: Class II to Class I	11,408	6	(11,408)	(6)	—	—
December 31, 1991	**26,130,498**	**$134,589**	**4,166,034**	**$2,112**	**30,296,532**	**$136,701**

Each Class II voting share may be converted to one Class I non-voting share at the shareholder's option. In the event an offer to purchase Class II voting shares is made to all holders of Class II voting shares, and is accepted and taken up by the holders of a majority of such shares pursuant to such offer, then provided an offer is not made to the holders of Class I non-voting shares on the same terms and conditions, the Class I non-voting shares shall be entitled to the same voting rights as the Class II voting shares. The two classes of shares rank equally in all other respects.

Share options

ATCO Ltd. has a share option plan under which options to purchase 994,740 Class I non-voting and 217,260 Class II voting shares may be granted to certain directors, officers and key employees. The options are exercisable cumulatively over periods up to ten years from the date of grant.

Options to purchase 897,820 Class I non-voting and 216,660 Class II voting shares have been granted under the plan, of which 233,900 and nil, respectively, were outstanding at December 31, 1991 at prices ranging from $8.625 to $8.75 per share. During the year ATCO Ltd. paid $995,000 for the right to cancel 175,000 stock options.

12. Segmented Information

(Thousands of dollars)

By Industry

1991 / 1990	Electric Power	Natural Gas	Gas and Oil (1)	Energy Services	Manu-facturing & Leasing	Other	Consolidated (2)
Revenues:							
Trade	$ 498,412	$ 645,577	$106,114	$30,587	$134,075	$ 69,805	$1,484,570
	$ 462,297	$ 644,585	$115,439	$26,802	$137,639	$ 54,894	$1,441,656
Inter-segment	327	10,952	7,109	871	690	5,839	—
	201	11,353	7,095	1,095	1,214	4,852	—
Total segment revenues	498,739	656,529	113,223	31,458	134,765	75,644	1,484,570
	462,498	655,938	122,534	27,897	138,853	59,746	1,441,656
Expenses:							
Operating costs	224,438	487,523	90,211	30,470	105,165	69,549	981,858
	195,631	493,987	98,040	27,803	108,446	56,269	954,512
Depreciation, depletion and amortization	63,535	44,841	11,902	1,822	8,071	4,365	138,687
	63,756	39,984	9,177	2,018	6,847	3,509	129,431
Total segment expenses	287,973	532,364	102,113	32,292	113,236	73,914	1,120,545
	259,387	533,971	107,217	29,821	115,293	59,778	1,083,943
Segment operating profit (loss)	$ 210,766	$ 124,165	$ 11,110	$ (834)	$ 21,529	$ 1,730	$ 364,025
	$ 203,111	$ 121,967	$ 15,317	$ (1,924)	$ 23,560	$ (32)	$ 357,713
Identifiable assets	$2,010,076	$1,165,597	$210,073	$18,695	$121,532	$104,049	$3,735,694
	$1,862,640	$1,107,826	$188,549	$19,901	$119,683	$ 98,696	$3,512,956
Capital expenditures	$ 174,243	$ 122,105	$ 38,428	$ 1,444	$ 27,257	$ 1,790	$ 365,267
	$ 208,191	$ 109,805	$ 30,113	$ 1,001	$ 26,087	$ 763	$ 375,960

(1) Exploration and production, petrochemicals and gas marketing.
(2) Inter-segment transactions have been eliminated in the consolidated column.

	1991	1990
	(Thousands of dollars)	
Segment operating profit	$ 364,025	$ 357,713
Interest	(152,179)	(146,547)
Allowance for funds used by utilities	36,171	32,604
Other income	8,879	14,771
Income taxes	(88,354)	(99,420)
Minority shareholders' interests	(105,553)	(94,243)
	(301,036)	(292,835)
Earnings for the year	$ 62,989	$ 64,878

13. Pensions

The present value of the accrued pension benefits based on actuarial appraisals and the net assets available to provide for those benefits are as follows:

	1991	1990
	(Thousands of dollars)	
Market value of assets	$557,419	$494,886
Accrued pension benefits	515,781	471,645
Surplus	$ 41,638	$ 23,241

The pension costs for the year amounted to $11,351,000 (1990 — $5,417,000) of which $2,939,000 (1990 — $1,426,000) was capitalized. The plan surplus is being amortized on a straight-line basis over 15.6 years.

14. Commitments and Contingencies

ATCO has contractual obligations in respect of long term operating leases for manufacturing facilities, office premises and equipment. The rentals amounted to $12,340,000 for the year (1990 — $13,075,000). Future minimum lease payments are as follows:

1992	1993	1994	1995	1996	Total of All Subsequent Years
		(Thousands of dollars)			
$12,560	$11,288	$11,002	$10,835	$9,977	$63,233

Canadian Utilities has guaranteed up to $57,500,000 of financing during the construction phase of the McMahon Cogeneration Project, a joint venture. At December 31, 1991, $9,060,000 had been advanced.

United States Treasury officials have investigated the basis followed by the Corporation in determining certain United States customs and duty payments in 1974 and 1975. These matters are before the United States Court of International Trade. Management is of the opinion that no material amount above those amounts already provided in the accounts will ultimately be payable.

15. Comparative Figures

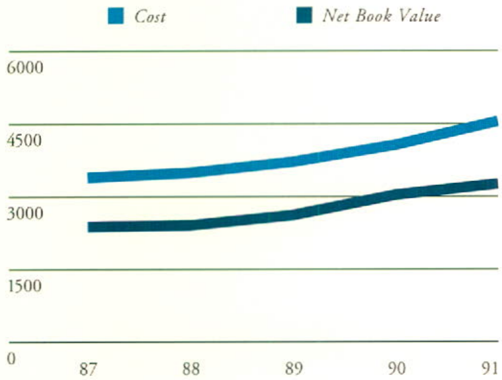
Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for 1991.

16. Subsequent Event

On March 12, 1992, Barking Power Limited, in which Canadian Utilities holds a 25.5% indirect equity investment, signed an agreement with a consortium of Banks for non-recourse credit facilities of £661,000,000 ($1,349,000,000), including standby facilities, to finance a 1,000 MW combined cycle gas turbine generating plant in London, England. The agreement is subject to the obligation of the shareholders to subscribe an additional £94,400,000 ($193,000,000) of equity and subordinated debt of which Canadian Utilities' share is £24,000,000 ($49,000,000).

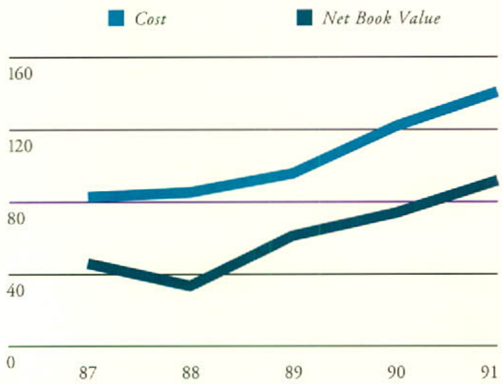
Financial Review

Property, Plant & Equipment
$ in millions

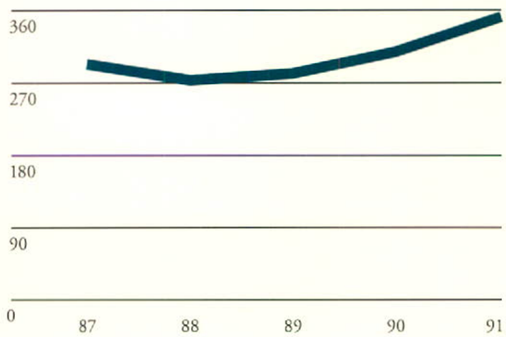


Total Assets
$ in millions

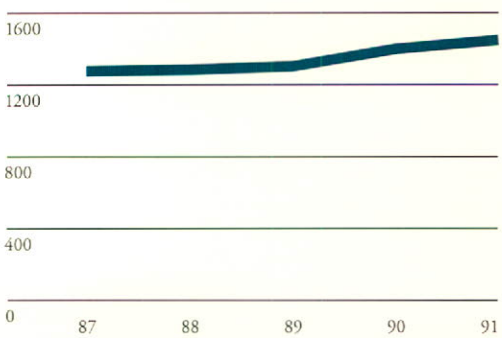
Rental Assets
$ in millions



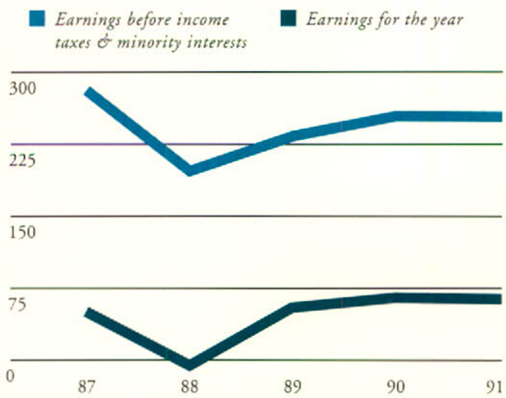
Class I & Class II Shareholder's Equity
$ in millions



Revenues
$ in millions



Earnings For The Year
$ in millions



Consolidated Summary of Operations

(Thousands of Canadian Dollars)

		Year Ended December 31			
	1991	1990	1989	1988	1987*
Revenues	**$1,484,570**	$1,441,656	$1,364,799	$1,337,773	$1,300,607
Costs and expenses	**1,272,724**	1,230,490	1,165,908	1,133,696	1,108,052
Operating income	**211,846**	211,166	198,891	204,077	192,555
Allowance for funds used by utilities and other income	**45,050**	47,375	49,332	44,237	54,881
Asset sales and writedowns	**—**	—	(14,305)	(60,106)	29,942
	256,896	258,541	233,918	188,208	277,378
Income taxes	**88,354**	99,420	88,311	101,700	122,526
	168,542	159,121	145,607	86,508	154,852
Minority shareholders' interests	**105,553**	94,243	89,764	89,000	105,063
Earnings (loss) for the year	**62,989**	64,878	55,843	(2,492)	49,789
Dividends on redeemable preferred shares	**23,422**	28,437	27,906	26,660	25,579
Earnings (loss) attributable to Class I and Class II shares	**$ 39,567**	$ 36,441	$ 27,937	$ (29,152)	$ 24,210
Earnings (loss) per Class I and Class II share					
Before asset sales and writedowns	**$ 1.31**	$ 1.20	$ 1.00	$ 1.02	$ 0.34
Asset sales and writedowns	**—**	—	(0.08)	(1.98)	0.48
After asset sales and writedowns	**$ 1.31**	$ 1.20	$ 0.92	$ (0.96)	$ 0.82
Dividends per Class I and Class II share	**$ 0.24**	$ 0.24	$ 0.20	$ 0.20	$ 0.20
Equity per Class I and Class II share	**$ 11.80**	$ 10.78	$ 9.86	$ 9.12	$ 10.29
Class I and Class II shares outstanding	**30,296,532**	30,274,532	30,260,532	30,258,532	30,258,532
Market price of shares					
Class I High	**14¼**	12¼	11⅛	10⅞	14¾
Class I Low	**11**	9⅜	7¾	7½	7½
Class II High	**14¼**	12	11	10¼	14½
Class II Low	**11**	9⅝	8	7¾	7⅝

* Effective April 1, 1988, the Corporation's year end was changed from March 31 to December 31. Therefore, the summary of operations has been restated on a calendar year basis for comparison purposes.

Corporate Information

Directors

W. L. Britton, Q.C.* ***
Partner, Bennett Jones Verchere
Calgary

B. P. Drummond** ***
Vice Chairman
Richardson Greenshields of Canada Limited
Montreal

B. K. French**
President
Karusel Management Ltd.
Calgary

Honourable E. P. Lougheed
P.C., C.C., Q.C.
Partner, Bennett Jones Verchere
Calgary

R. Rice** ***
Consultant
South Carolina, U.S.A.

C. S. Richardson*
Senior Vice President, Finance and
Chief Financial Officer
ATCO Ltd.

N. W. Robertson
Deputy Chairman, President and
Chief Executive Officer
ATCO Enterprises Ltd.

J. A. Scrymgeour***
Retired
Hamilton, Bermuda

N. C. Southern**
Vice President, Television & Public Affairs
Spruce Meadows
Calgary

R. D. Southern* ***
C.M., M.B.E., LL.D
Chairman, President and
Chief Executive Officer
ATCO Ltd.

W. Tennyson***
Corporate Director
Montreal

Dr. J. D. Wood
F.C.A.E.
President and Chief Executive Officer
Canadian Utilities Limited
Edmonton

Officers

R. D. Southern
Chairman, President and
Chief Executive Officer

C. S. Richardson
Senior Vice President, Finance and
Chief Financial Officer

A. J. Pullman
Vice President, Planning &
Budgeting

D. P. Wood
Vice President, Corporate Secretary

* Member – Executive Committee
** Member – Audit Committe
*** Member – Nomination and Succession Committee

Principal Operations

ATCO Enterprises Ltd.

Head Office:
800, 919 - 11th Avenue S.W.
Calgary, Alberta T2R 1P4
Telephone: (403) 292-7500
Fax: (403) 292-7543

Operating Divisions and Companies:

Drilling
Manufacturing & Industrial Leasing
Property Management
Southco Travel
Space Rentals
ATCO/Equtak Drilling Ltd.
ATCO Saudi Arabia Ltd.
ATCO Structures, Inc.

Canadian Utilities Limited

Head Office:
10035 - 105 Street
Edmonton, Alberta T5J 2V6
Telephone: (403) 420-7310
Fax: (403) 420-7400

Operating Companies:

Alberta Power Limited
Canadian Western Natural Gas Company Limited
Northland Utilities (B.C.) Limited
Northland Utilities (NWT) Limited
Northwestern Utilities Limited
The Yukon Electrical Company Limited

CU Power International Limited
CU Power Canada Limited
CU Power Generation Limited
Thames Power Limited
Barking Power Limited
Thames Power Services Limited
CU Water Limited

ATCOR Resources Ltd.

Head Office:
800, 800 - 6th Avenue S.W.
Calgary, Alberta T2P 3G3
Telephone: (403) 292-8000
Fax: (403) 261-7665

Operating Companies:

ATCOR Ltd.
AT&S Exploration Ltd.

ATCO Enterprises Ltd./Canadian Utilities Limited Corporate Joint Ventures

Frontec Logistics Corp.
Northland Utilities Enterprises Ltd.
Narwhal Arctic Services Ltd.

Shareholders' Information

Corporate Head Office

ATCO Ltd.
1600, 909 - 11th Avenue S.W.
Calgary, Alberta T2R 1N6
Telephone: (403) 292-7550
Fax: (403) 292-7507

Shareholders and security analyst inquiries should be directed to:

Senior Vice President, Finance and
Chief Financial Officer
ATCO Ltd.
1600, 909 - 11th Avenue S.W.
Calgary, Alberta T2R 1N6
Telephone: (403) 292-7554

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

The R-M Trust Company
Stock Transfer Department
1008 The Home Oil Tower
324 - 8th Avenue S.W.
Calgary, Alberta T2P 3B2

The shares of ATCO Ltd. are listed on
The Toronto Stock Exchange
The Montreal Stock Exchange
and Alberta Stock Exchange
under the ticker symbols:

ACO.X (Class I Non-voting Shares)
ACO.Y (Class II Voting Shares)

The fiscal year of ATCO Ltd. ends on December 31. Dividends are mailed approximately the end of March, June, September and December.

ATCO Ltd. is incorporated under the laws of the Province of Alberta.

Auditors

Price Waterhouse
Calgary, Alberta

Counsel

Bennett Jones Verchere
Calgary, Alberta

Annual Meeting

The Annual Meeting of Shareholders will be held at 10:00 a.m. M.D.T. on Tuesday, May 26, 1992 at The Calgary Convention Centre, Calgary, Alberta

ATCO Group Annual Reports

Annual Reports to Shareholders and Management's Discussion and Analysis for ATCO Ltd. and ATCO's publicly traded operating companies, Canadian Utilities Limited and ATCOR Resources Ltd. are available upon request from the companies.

ATCO Ltd.
1600, 909 - 11th Avenue S.W.
Calgary, Alberta
T2R 1N6

Canadian Utilities Limited
10035 - 105 Street
Edmonton, Alberta
T5J 2V6

ATCOR Resources Ltd.
800, 800 - 6th Avenue S.W.
Calgary, Alberta
T2P 3G3

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