

COMMON GROUND

NEWALTA

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EXECUTIVE MESSAGE

BUILDING OUR COMPANY

On November 5th we announced strong third-quarter financial results with revenue up 19% and EBITDA up 29% over the same period last year. This represents the highest quarterly EBITDA in our history. The same day we also announced our intention to convert from an income trust to a corporation, subject to shareholder and other regulatory approvals.

Many of you will recall that in early 2003 we converted from a corporation to a trust to achieve improved valuation and access to capital to support the continued strong growth of our business. This change in corporate structure was seamless to the organization—the way we served customers and ran the business did not change because of a different legal structure. Our objectives were realized and over the past five and a half years, from the end of 2002 to today, we have increased our annual revenue by more than five

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ENJOY COMMON GROUND— THE FALL ISSUE.

WE HAVE A MESSAGE FROM CEO AL CADOTTE REGARDING OUR JUST-ANNOUNCED CONVERSION BACK TO A CORPORATION FOR 2009. REVIEW THE PLANS AND READ ABOUT SOME OF THE RECENT HAPPENINGS IN THE COMPANY AND WITH OUR PEOPLE THROUGHOUT THE COUNTRY.

Innovation Takes Centre Stage

Innovation remains front and centre at Newalta with the recent appointment of Harry Wells and the focus of the Corporate Accounts team on finding opportunities to provide innovative solutions to customers. » *Story p2*

Students Make Music in Burlington

Newalta's sponsorship of the Southern Ontario Chamber Music Institute led to a special in-house performance for Burloak employees. » *Story p4*

Rutledge Goes East

Mark Rutledge takes the helm of the Ontario business unit. » *Story p4*



growth investments. Our 2009 growth capital budget has been set at \$75 million which, given the current economic situation, clearly demonstrates our commitment to continue developing our business in the months ahead and delivering superior returns to our investors as we have done for the past 15 years.

The international financial situation is in flux and the outlook remains uncertain. Newalta and most of our competitors and customers have experienced deep discounts in their share or unit prices over the past few months. We need to remain cautious over the next six months and prepare for perhaps more challenging times while we also plan to capitalize on opportunities when situations improve.

We have a tremendous organization, excellent operations across Canada, and a broad range of attractive growth opportunities. The conversion to a corporation will provide the best structure to continue to build our company for the future. We'll provide any additional information relating to the conversion as it is required in the days ahead.

Al Cadotte
President and CEO

times and successfully expanded across Canada and diversified our services.

Now we are recommending to our unitholders the conversion back to a corporation for a number of reasons, including improved access to capital, increased market valuation and enhanced attractiveness to new investors—all of which will contribute to the successful execution of our growth strategy. As in 2003, we expect this to be a seamless transition for the organization.

We have announced that we would pay an annual dividend of \$0.80 per share and that we would use our available cash to fund our

INNOVATION TAKES CENTRE STAGE



Harry Wells, Vice President,
Technology and Innovation

Newalta has further entrenched its long-standing commitment to new technologies and innovation with the recent announcement of a new executive-level role focused exclusively on the innovation portfolio. Harry Wells has been appointed to the newly created position of Vice President, Technology and Innovation.

“The areas of innovation and technical excellence are integral to executing our growth strategy,” says Executive Vice President Craig Wilkie. “Our ability to provide innovative solutions to customers will be key in growing our existing operations, diversifying services and gaining access to major customers.”

At this stage in our growth, we wanted a senior executive focused solely on innovation. Harry is the ideal person to lead this area, given his wealth of industry experience.”

Wells will lead the corporate innovation program by establishing priorities and creating a group of technical innovators across the organization. The group will stay abreast of new technologies from around the world, transferring appropriate processes and equipment into our fixed facility network and onto our major customers' sites.

Over the next few months, Wells will look for industry-leading experts across various disciplines who can form the nucleus that will drive innovation for the organization. However, they will hardly work alone as others will have a significant role to play.

“Innovation is not something a single person or team can manage on its own,” says Wells. “In order to be truly successful, innovation must be everyone's core mindset. We must be constantly focused on asking questions and finding different and better ways of doing business and doing our jobs. My role is to help bring that focus to the organization and bring new technologies and processes to our facilities and our customers.”

DID YOU KNOW?

For the third quarter of 2008, we increased revenue by 19% and EBITDA (earnings before income tax, debt and amortization) by 29% compared with the same period last year. In fact, our quarterly EBITDA was the highest ever reported in our history. ■

Wells' Innovation group will work closely with the new Corporate Accounts Managers (CAM) to tackle customers' complex environmental challenges and bring innovative solutions that differentiate Newalta from competitors.

» continued p3

NEWALTA SPOTLIGHT

NEW CFO ADDED TO TEAM



New Senior Vice President,
Finance and CFO Mike Borys

When Mike Borys and his family were considering a move away from Edmonton earlier this year, the plan was to head back east to their roots. Then a slight detour appeared in the form of an opportunity with Newalta in Calgary. He agreed to join our team in July as Senior Vice President, Finance, and Chief Financial Officer.

In a relatively short period of time, Borys has already come to know most of his Finance, Accounting and

IT teams. He and his wife have settled into their new Calgary home, and their son is registered in local hockey.

“We are very excited about this move,” he says. “Newalta’s growth and its environmental focus represent a tremendous opportunity. And Calgary is an excellent place for our family.”

Borys brings a wide variety of experience to his current role. Prior to joining Newalta, he was Executive Vice President and CFO of The Brick Group Income Fund. He has also been CFO of Famous Players and Tricon Canada Restaurants.

“Mike is team-oriented and brings strategy development, financings, mergers and acquisitions, and risk management expertise to his new role,” said Al Cadotte, President and CEO. “He is an excellent addition to an already strong executive team and will play a key role in helping us achieve our growth plans now as well as into the future.”

Borys earned a Bachelor of Commerce Degree from Concordia University and is a Chartered Accountant. ■

INNOVATION TAKES CENTRE STAGE (CONTINUED FROM P2)



One of Newalta’s many innovative projects includes deploying mobile centrifuges at a U.S. drill site location in Rio Vista, Texas.

The CAM Team expects to establish “solutions teams” comprised of operations people, innovation engineers and other Newalta resources to bring problem-solving capabilities to our customers’ sites. While our fixed facility network will continue to be the backbone of these efforts, in many cases we will look to transfer our expertise, equipment and innovative solutions directly onto customer sites.

“As an organization focused on innovation, we must constantly try to find new and superior ways of doing business,” says Dave Tyson, Executive Director, Sales and Marketing. “By understanding and then developing deep relationships with our major customers, our Corporate Account Managers will identify the unique opportunities

to provide solutions that add value and help our customers be environmental stewards.”

The concept of being an innovative organization is not new to Newalta. In fact, it has been a focus since day one. Says Wilkie, “To continue to grow our business, we need to reinvigorate the culture of innovation that exists in the organization. Innovation is critical to delivering on our long-term strategic plan and ensuring our future is even more successful than our past.” ■

DID YOU KNOW?

Newalta recently received an impressive accolade as it was voted as one of Canada’s “Superbrands.” You can see for yourself at www.superbrands.com/canada. The Superbrands council comprises top advertising and marketing minds throughout the country. In addition to Newalta, this year’s recipients include brands such as Blackberry, Bombardier, CN Rail, Honeywell, Mazda and RBC. ■

MUSIC STUDENTS SHINE AS A TEAM



Students from the Southern Ontario Chamber Music Institute along with their coach Simon Fryer, cellist with the Penderecki String Quartet, recently performed at the Burloak office.



For the past three years, Newalta has been the title sponsor of the Southern Ontario Chamber Music Institute (SOCMI) Summer Concert Series.

SOCMI is a non-profit teaching institute housed at Appleby College in Oakville, Ontario. The institute provides classical music training and coaching to young people. The summer concert series features performances from string quartets and SOCMI student groups.

Earlier this year, as part of its annual two-week summer school, SOCMI students held an open rehearsal for Newalta employees at our Burlington office.

The 20-year-old institute accepts young musicians from across Canada and the U.S. and provides an intensive coaching and mentoring program in the art of small group music making—usually a string quartet. There is no conductor for performances so students have to learn to find a common approach to their assigned, often quite challenging, composition. They learn, through an intensive coaching process, to become a musical unit beyond their individual contributions—a true team.

Former Calgarian, composer Abigail Richardson, led an exercise where she coached the groups through a process resulting in each ensemble composing a piece for performance during the Student Showcase Concert presented at the end of the summer school. ■

DID YOU KNOW?

Company-wide, Newalta raised over \$150,000 for the United Way through our 2008 employee campaign. These funds will make a significant difference in the lives of people in the communities in which we live and work. ■

NEW LEADERSHIP IN ONTARIO



Ontario Senior Business Manager
Mark Rutledge

Mark Rutledge is going back to his roots in Ontario as Senior Business Manager for Newalta's Ontario Business Unit. After years of living and working in the West, he has returned to the province where he was born, raised and began his career.

Based out of our Burloak office, Rutledge is responsible for Ontario operations and developing and executing the long-term business strategy.

"The Ontario market is key to Newalta's Eastern Canada growth strategy and offers great opportunities for us to further develop our business," says Executive Vice President Peter Dugandzic. "Mark's extensive experience in Sales & Marketing and Business Development makes him a natural to lead this business unit through our next phase of growth."

Rutledge is currently completing a strategic review of the Ontario business and developing a plan that builds upon the company's existing strengths and positions us for future success.

"We have a strong team in place, as well as a fixed facility network that we have invested in heavily over the past few years. This provides a solid foundation from which to grow the business," Rutledge says.

"We want to maximize our potential in Ontario, ensuring we are operating as productively as possible, while continuing to seek new ways to broaden and expand our business in an increasingly tight and competitive marketplace. It's no small challenge, but with a strong, focused team I believe we can successfully deliver on our objectives."

One of the first priorities involves examining the service delivery process, particularly the interaction between the Transportation group, Customer Service group and branches, to ensure we are delivering the level of service our customers demand of us.

Additionally, the Ontario team is looking to build upon some of the Corporate Account Managers' initial successes with the steel and mining industries to further deliver on our major customer strategy and engage in more value-added work on customer sites. ■

SAYS YOU

WHAT DO YOU THINK? We want to hear your views after each issue of the new *Common Ground*. Let us know what you think when we send you our online survey. It only takes a couple of minutes to complete and helps us see how we're doing in satisfying your information needs.

We also want to hear directly from you and receive your story ideas and suggestions. Please send those to us at communications@newalta.com—we'll call you when we need more details.

IN THE FIELD



GLOBAL ACCOUNTING STANDARDS ON THEIR WAY

We'll soon be seeing a significant change in the way Newalta accounts for, reports and communicates its financial results.

On January 1, 2011, Canadian public companies will be required to switch to International Financial Reporting Standards (IFRS) from the current Canadian Generally Accepted Accounting Principles (GAAP) for their financial reporting.

The goal of IFRS is to improve financial reporting by establishing a single set of high-quality, consistent and comparable reporting standards. In today's global economy, such reliable and consistent financial reporting can offer an improved basis for businesses and investors to make decisions.

"One of the potential benefits of making this change can be increased access to capital resources outside Canada at a potentially lower cost," says new Chief Financial Officer Mike Borys.

While 2011 seems a long way off, Newalta must be ready to collect financial data according to IFRS requirements starting January 1, 2010, in order to provide comparative data for 2011 financial reporting packages.

To coordinate these efforts, an IFRS Project Team has been created and includes Natalia Vakar, Jessica Lim and Pearl Tang, all from Calgary.

"For the company to make a smooth transition to IFRS, we're asking all functional groups to work as partners with the IFRS team to identify the potential impacts of the new accounting and reporting changes," says Borys.

The IFRS team and members of the Finance department have been holding information sessions with various groups throughout the organization to prepare for the upcoming changes. If you have questions on our transition to IFRS, contact one of the team members noted above. ■