

Atlantic Power Corporation Announces Strong Fourth Quarter and Year-End 2005 Results

BOSTON, MASSACHUSETTS--(CCNMatthews - March 31, 2006) -

2005 Highlights:

- Completed accretive acquisition of 40% interest in Chambers project
- Sold MASSPOWER asset and contracts for significant contribution to cash flow
- Increased ownership at Gregory project
- Executed accretive new Power Purchase Agreements at two existing projects
- Enhanced operating performance and cash flow at existing facilities
- Increased annual cash distributions by CDN \$0.03 per IPS to CDN \$1.03 per IPS
- Increased ownership in Holdings to 70.1% through private placement of 7.5mm IPSs
- Conservative annual 66.7% payout ratio

Atlantic Power Corporation (TSX:ATP.UN) (the "Company") today announced its results for the three months and year ended December 31, 2005. All amounts are in US dollars unless otherwise indicated.

"We were very pleased with our operating and financial results in 2005 as we delivered on all of our stated growth strategies and objectives," commented Barry Welch, President and CEO. "With this strong performance, we implemented our first increase in monthly cash distributions during the year."

Chambers Acquisition

In September the Company completed the acquisition of a 40% interest in a 262 MW coal-fired cogeneration facility located at E.I. DuPont de Nemours & Company's Chambers Works complex in southwestern New Jersey. The cash purchase price of approximately \$65.0 million was funded by cash on hand and a draw on the revolving credit facility. The acquisition diversified the portfolio's fuel mix, increased its off taker diversity, lengthened the weighted average term of its power purchase portfolio and increased the Company's aggregate net interests of power generating capacity. The acquisition was also immediately accretive to the Company's cash flow.

With the completion of the Chambers acquisition, the Company increased annualized cash distributions by Cdn \$0.03 per Income Participating Security ("IPS") to Cdn \$1.03 per year effective with the September 2005 payment.

Masspower Disposition

On December 28, 2005 the Company sold its 17.5% interest in the 267 MW Masspower project following the buyout of three of the project's four power purchase agreements ("PPAs") and subsequent disposition of its fuel contracts during 2005. The Company's share of the total distributions generated from operations, PPA restructuring, fuel contract disposals and sale of the facility in 2005 totaled approximately \$62.2 million. The disposition proceeds of approximately \$59.4 million exceeded the net present value of future cash flows projected at the time of the IPO by over \$20 million, and were successfully redeployed to complete the accretive Chambers acquisition.

Improved Operating Margins and PPA Extensions

During 2005, the Company generated improved operating margins at a number of facilities, and increased its indirect ownership interest at the Gregory project to 17.1% from 9.4%.

During 2005 new power purchase agreements (PPAs) were executed at the Gregory and Rumford projects. Earlier projections had anticipated no distributions in 2006 and beyond for the Rumford project, the Company now expects approximately \$4 to 6 million in 2006 and is working with the project's other partners to lock in profits over a longer period. At the Gregory facility a new PPA with a better credit quality customer was negotiated through 2008 to replace a contract that expired in 2005. As a result, the previously anticipated economics of the project through 2008 will be significantly improved.

"These transactions are excellent examples of how we are proactively managing our PPA expirations and adding incremental cash flow by leveraging our solid asset base and significant experience in the industry for the benefit of our investors," Mr. Welch added.

Strong Performance in 2005

Cash Flow Available for Distribution for the year ended December 31, 2005 was \$46.7 million or Cdn \$1.46 per IPS. Distributions declared for the year were \$32.5 million or Cdn \$1.01 per IPS. The payout ratio was 66.7% in 2005.

The Company generated project revenue of \$184.7 million and project income of \$48.3 million for the year. The net loss for the twelve months ended December 31, 2005 was \$0.5 million or \$0.01 (Cdn \$0.01) per IPS.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") at the Company's power producing projects increased 20% in 2005 compared to the prior year, excluding MASSPOWER and the deferred revenue adjustment at Mid-Georgia. The increase in EBITDA is primarily due to favorable impacts from improved operating margins at the Lake, Orlando, and Pasco projects, increased ownership in the Gregory project combined with its new PPA that benefits from high gas costs, and almost four months of ownership in Chambers, offset by higher fuel costs at Selkirk slightly above the amount that can be passed through to the customer, and as expected, lower-scheduled swap settlement payments received at Onondaga.

A breakdown of unaudited EBITDA by individual project for the three months and year ended December 31, 2005 is provided in the attached Appendix

Solid Fourth Quarter Results

For the three months ended December 31, 2005, Cash Flow Available for Distribution was \$20.6 million (Cdn \$0.54 per IPS). Distributions declared in the quarter were \$9.8 million (Cdn \$0.26 per IPS), resulting in a payout ratio of 47.3%. The Company generated project revenue of \$58.0 million and project income of \$7.7 million in the fourth quarter of 2005. The net loss for the three months ended December 31, 2005 was \$2.7 million or \$0.06 (Cdn \$0.07) per IPS.

The fourth quarter calculation of cash flow available for distribution benefited from adding back the \$5,519 finalized estimate of tax payable on the MASSPOWER disposal, which was not added back in the calculation for prior interim periods of 2005.

EBITDA at the Projects increased 24% in the quarter compared to the year earlier period, excluding MASSPOWER and the deferred revenue adjustment at Mid-Georgia. The increase is primarily due to improved operating margins at the Lake, Orlando and Pasco projects, the increased ownership in the Gregory project combined with its new PPA, and a full quarter of ownership in the Chambers project, partially offset by lower scheduled swap settlements at Onondaga and the effect of fuel cost pass through limitations at Selkirk as discussed above. "We were pleased with our results in 2005, and anticipate continuing solid and stable performance going forward," Mr. Welch concluded.

Mark Byskov, Atlantic's CFO, has informed the Company that for personal reasons he will be leaving his CFO position. The Company has hired an executive recruiting firm to retain a CFO. Mr. Byskov has committed to remain in the position through June 30, 2006 to help affect an orderly transition. "Mark has done a tremendous job of building our financial reporting infrastructure and I respect his decision to rejoin his family in Toronto", said Mr. Welch

The Company's financial statements for the period and Management's Discussion and Analysis, are available on the Company's web site at www.atlanticpowercorporation.com or www.sedar.com.

Atlantic Power Corporation owns interests in a diversified portfolio of sixteen power generation projects located primarily in major markets in the United States. The Company's objectives are to sustain and grow its cash distributions over the long term by enhancing the performance of its existing assets and by making accretive acquisitions.

When used in this news release, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements, which include statements relating to the projects and the anticipated financial results of the Company. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions.

Cash Flow Available for Distribution is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Management believes Cash Flow Available for Distributions is a relevant

supplemental measure of the Company's ability to earn and distribute cash returns to investors. A reconciliation of net cash provided by operating activities to Cash Flow Available for Distributions is set out in this MD&A. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

EBITDA, earnings before interest, taxes, depreciation and amortization, is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Management uses aggregate EBITDA at the Projects as a cash flow measure to provide aggregate annual comparative information about Project performance. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

CALCULATION OF CASH FLOW AVAILABLE FOR DISTRIBUTION

Periods Ended (Unaudited)	December 31, 2005	December 31, 2005
	(3 months)	(12 months)
Cash Flow Available For Distributions		
Cash flows from operating activities(1)	19,473	38,370
Project level debt repayment	(10,052)	(20,679)
Interest on IPS portion of subordinated notes	6,009	20,346
Income tax withholding installments recoverable(2)	768	7,682
Income tax payable on disposal of equity investment(3)	5,519	5,519
Addition to property, plant and equipment	(1,068)	(2,558)
	-----	-----
Cash flow available for distribution, USD	20,649	48,680
Cash flow available for distribution, Cdn.	24,013	58,981
Distributions		
Interest on IPS subordinated notes	6,009	20,346
Dividend on IPS common shares	3,751	12,102
	-----	-----
Total IPS distributions, USD	9,760	32,448
Total IPS distributions, Cdn.	11,421	39,124
Cash flow available for distribution per IPS, Cdn.	0.54	1.46
Total distribution per IPS, Cdn	0.26	1.01

1) In previous quarters, MASSPOWER's distributions in respect of disposal proceeds were included in Cash flows from operating activities and separately netted out of Cash flow available for distribution. Those proceeds now appear as a disposal in the financing activities section of the statement of cash flows.

2) Represents the portion of income tax withholding installments paid during the quarter related to operating activities which are anticipated to be recoverable by the Company.

3) In the second and third quarters estimated tax payments of \$5,281 on MASSPOWER disposals were not added back in the calculation of cash flow available for distribution. This fourth quarter calculation benefits from adding back the entire \$5,519 finalized estimate of tax payable on the MASSPOWER disposal.

Atlantic Power Corporation
PROJECT EBITDA
(In thousands of U.S. dollars)

Three months ended	Year Ended
Dec 31, 2005	Dec 31, 2005
-----	-----

(Unaudited)

EBITDA from consolidated and proportionately consolidated projects		
Badger Creek	1,176	4,656
Chambers	7,152	9,058
Koma Kulshan	245	694
Lake	7,217	25,957
Mid-Georgia	1,769	5,251
Onondaga	(427)	3,939
Orlando	3,204	8,998
Pasco	3,836	13,782
Stockton	586	2,577
Topsham	560	1,449
Other	-	426

Total EBITDA from consolidated and proportionately consolidated projects	25,318	76,787
Amortization	13,607	36,280
Interest expense, net	1,139	5,712

Consolidated and proportionately consolidated project earnings, net	10,572	34,795

EBITDA from equity projects		
Delta-Person	484	1,984
Gregory	1,307	5,278
Jamaica	607	3,935
Masspower	(298)	3,186
Rumford	1,861	7,238
Selkirk	801	14,281
Other	71	(124)

Total EBITDA from equity accounted projects	4,833	35,778
Amortization	9,162	20,088
Interest expense, net	843	6,433
Gain on disposal of equity investment	(2,405)	(5,015)
Other expense	146	811

Equity earnings, net	(2,913)	13,461

Total consolidated and proportionately consolidated project earnings, net	10,572	34,795
Total equity earnings, net	(2,913)	13,461

Income before the undernoted	7,659	48,256

FOR FURTHER INFORMATION PLEASE CONTACT:
Atlantic Power Corporation

Barry Welch
(617) 977-2700
Email: info@atlanticpowercorporation.com

Source: Atlantic Power Corporation

<https://investors.atlanticpower.com/2006-03-31-Atlantic-Power-Corporation-Announces-Strong-Fourth-Quarter-and-Year-End-2005-Results>