Atlantic Power Corporation

Atlantic Power Corporation Announces Strong Fourth Quarter and Year-End 2007 Results

BOSTON, MASSACHUSETTS -- (MARKET WIRE) -- 03/26/08 -- Atlantic Power Corporation (TSX: ATP.UN)(TSX: ATP.DB) (the "Company") today announced its results for the three months and year ended December 31, 2007. All amounts are in U.S. dollars unless otherwise indicated.

2007 Highlights:

- Distributable cash increased 23%

- Payout ratio remained conservative at 87%

- Completion of turbine upgrades at Lake Project to increase efficiency and output

- Accretive acquisition of remaining interest in Pasco Project to generate increased cash flow

"2007 was another year in which we demonstrated solid progress in all of our growth initiatives," commented Barry Welch, President and CEO. "A full year of results from the Path 15 transmission line acquired last fall made a strong contribution to our distributable cash in 2007, while upgrades to the gas turbines at Lake and the purchase of substantially all of the remaining 50.1% interest in Pasco with cash on hand will generate further increases going forward. Our strong financial performance has provided adequate cash flow to fund the Lake and Pasco investments and still leaves us with a substantial and growing amount of cash to facilitate further acquisitions. In addition, we extended and strengthened our Power Purchase Agreements at several Projects during the year, further enhancing the stability of our cash distributions."

Cash Flow Available for Distribution

For the year ended December 31, 2007, Cash Flow Available for Distribution rose 23% to $70.9 million compared to $57.9 million last year. Distributions declared for 2007 were $61.4 million, resulting in a payout ratio of 87%. The increase in Cash Flow Available for Distribution for the year was primarily due to substantially higher operating cash flows driven by increased Adjusted EBITDA at the Projects including a full year contribution from the Path 15 transmission line acquired on September 15, 2006. This increase was partially offset by adjustments related to income tax instalments recoverable, which reduced cash flow available for distribution when compared to the prior year. In addition, Project-level debt repayments were higher in 2007 than in the prior year due to the acquisition of Path 15. For the three months ended December 31, 2007, Cash Flow Available for Distribution was $17.6 million, a 51% increase compared to $11.6 million for the same period last year, driven by incremental distributions attributable to the increased interest in Pasco acquired in the fourth quarter of 2007. Distributions declared in the fourth quarter of 2007 were $16.7 million.

Strong Operating Performance

Adjusted EBITDA at the Projects, including earnings from equity investments, increased 11% to $166.9 million for the year ended December 31, 2007, compared to last year. The increase in Adjusted EBITDA for the year was due to the inclusion of the Path 15 Project acquired on September 15, 2006, increased revenues at Chambers as a result of increased generation and higher spot market electricity prices, benefits related to the turbine upgrade at Pasco and higher dispatch at Mid-Georgia due to warmer than average weather. These increases were partially offset by lower Adjusted EBITDA at the Orlando Project. In addition, lower

Adjusted EBITDA was recognized at Selkirk in 2007 and none from Gregory because these Projects are being recorded under the cost method of accounting as of January 1, 2007. For the three months ended December 31, 2007, Adjusted EBITDA at the Projects decreased 5% to $40.7 million compared to the fourth quarter of 2006 due primarily to the lower Adjusted EBITDA at Gregory and Selkirk described above and the absence of any EBITDA from the Jamaica project, which was sold in 2007.

For 2007, the Company reported a project loss of $113.4 million, including non-cash charges related to the change in fair value of derivative instruments of $128.4 million and the impairment of goodwill at Chambers in the amount of $71.7 million. Excluding these non-cash charges and related future income taxes, project income of $86.7 million would have been reported, an increase of 15% compared to 2006 calculated under the same basis. The increase is due to higher revenues at Pasco attributable to higher volumes sold where the prior year included an outage, as well as higher revenues associated with the increased ownership of the Project for the last 7 days of 2007. In addition, increased revenues were realized at the Chambers Project as a result of increased generation and higher spot market prices, higher dispatch at Mid-Georgia due to warmer-than-average weather in the region, higher variable energy payments at Badger Creek under its power purchase agreement, and the contribution from the Path 15 project.

The impairment of goodwill at the Chambers Project resulted from the significant increase in the book value of the reporting unit due to the Project's PPA being recorded as a financial instrument at fair value. The fair value accounting for the PPA and the impairment of goodwill do not reflect any change in the underlying economic value of or anticipated future cash distributions from the Chambers Project.

The net loss for the three months and year ended December 31, 2007 was $74.2 million or $1.21 per IPS and $149.2 million or $2.43 per IPS, respectively. Excluding non-cash charges related to changes in the fair value of derivative instruments and the impairments of Chambers goodwill and related future income taxes described above, the net loss for the three months and year ended December 31, 2007 would have been $8.1 million or $0.13 per IPS and $29.1 million or $0.47 per IPS, respectively.

Recent Transactions

On October 30, 2007 a subsidiary of the Company sold its equity investment in the Jamaica Project for $6.2 million. The carrying value of the Jamaica Project exceeded the sale price and an impairment charge in the amount of $5.1 million was recorded.

In October 2007, the Stockton Project extended its existing PPA with Pacific Gas and Electric by one year. The extended PPA expires in March 2009.

In December 2007, the Company acquired substantially all of the remaining 50.1% of the Pasco Project from its existing partners for approximately $25 million. Based on management's current expectations of operating cash flow and debt service reserve releases, the acquisition is expected to increase distributions to Atlantic Power from Pasco by $7.0 million in both 2008 and 2009. In 2010 through 2018, based on management's expectations of operating performance and the terms of the new tolling agreement that commences in 2009, the additional ownership in Pasco is expected to provide increased distributions to the Company of approximately $2 million per year. The Company financed the equity purchase price of approximately $25 million with cash on hand. The Company also assumed an additional $7.5 million of existing debt at Pasco which is non-recourse to Atlantic Power and matures on December 31, 2008.

In the fourth quarter of 2007, the Company completed an upgrade of the gas turbines at the Lake Project that is expected to increase the efficiency and the output of the Lake Project by approximately 4% and 10% respectively. The net cost of the upgrade was approximately $9.3 million. The turbines that were replaced were sold in December 2007 for cash proceeds of $3.1 million, resulting in a loss of approximately $8.6

million on the sale. Factoring in improved heat rate and output, projected gas and electricity prices plus changes to the turbine service agreement and major maintenance timing; the Company expects this investment to provide an internal rate of return in excess of 15%.

"Looking ahead, we will build on the solid growth and performance generated in 2007. We will continue to evaluate additional acquisition opportunities that result in an increase in cash available for our investors, and work with our project operators to enhance the operating and financial performance of our facilities. In addition, we will continue to look for opportunities to consolidate and increase our ownership in projects where we have partial interests," Mr. Welch concluded.

The calculation of Cash Flow Available for Distribution and a summary of Adjusted EBITDA by individual project for the three months and year ended December 31, 2007 are attached to this news release.

The Company's financial statements for the period and management's discussion and analysis for the three months and year ended December 31, 2007 are available on the Company's website at www.atlanticpowercorporation.com and on SEDAR at www.sedar.com.

Atlantic Power Corporation owns interests in a diversified portfolio of 14 power generation projects and one transmission line located in major markets in the United States. Atlantic Power'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.

Certain statements in this news release may constitute "forward-looking statements", which reflect the expectations of Atlantic Power Management, LLC (the "Manager") regarding future growth, results of operations, performance and business prospects and opportunities of Atlantic Power Corporation (the "Company"), Atlantic Power Holdings, LLC ("Atlantic Holdings") and the Projects (as defined below). Such forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under "Risk Factors" section in this the Company's management's discussion and analysis for the year ended December 21, 2007 and under "Risk Factors" in the Company's annual information form dated March 26, 2008. Although the forward-looking statements contained in this news release are based upon what are believed to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Cash Flow Available for Distribution is not a measure recognized under Canadian generally accepted accounting principles ("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 Cash Flows from Operating Activities to Cash Flow Available for Distributions is attached to this news release and is also included in the Company's management's discussion and analysis for the three months and year ended December 31, 2007. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

Adjusted EBITDA, earnings before interest, taxes, depreciation and amortization (including non-cash impairment charges), is not a measure recognized under GAAP and is therefore unlikely to be comparable to

similar measures presented by other issuers and does not have a standardized meaning prescribed by GAAP. Management uses Adjusted EBITDA at the Project-level to provide comparative information about Project performance. Investors are cautioned that the Company may calculate this measure in a manner that is different from other issuers.

Cash Available for Distribution

(In thousands of U.S. dollars, except as otherwise stated)	Three months ended December 31,		Years ended December 31,	
(unaudited)	2007	2006	2007	2006
Cash flows from operating activities	47,184	23,883	85,901	57,521
Project-level debt repayment	(13,156)	(11,441)	(37,581)	(27,185)
Interest on IPS portion of Subordinated Notes	9,968	7,723	36,726	26,464
Income tax installments recoverable (net)(1)(2)	(21,638)	(8,124)	(6,120)	4,734
Purchase of property, plant and equipment(3)	(4,754)	(415)	(7,993)	(3,641)
Cash Flow Available for Distribution, US$(4)	17,604	11,626	70,933	57,893
Cash Flow Available for Distribution, Cdn$(4)	17,287	13,272	76,147	67,399
Interest on IPS Subordinated Notes	9,968	7,723	36,726	26,464
Dividends on IPS Common Shares	6,693	5,187	24,662	16,985
Total IPS distributions, US$	16,661	12,910	61,388	43,449
Total IPS distributions, Cdn$	16,296	14,776	65,181	49,151
Cash Flow Available for Distribution per basic IPS, Cdn$(4)	$0.28	$0.25	$1.24	$1.45
Cash Flow Available for Distribution per diluted IPS, Cdn$(4)	$0.27	$0.23	$1.20	$1.42
Total distribution declared per IPS, US$	$0.27	$0.25	$1.00	$0.94
Total distribution declared per IPS, Cdn$	$0.27	$0.27	$1.06	$1.04

(1) Income tax installments recoverable represents management's estimate of U.S. federal income tax installment payments that will be recovered in future periods. The amount presented is comprised of installment payments made during the period, offset by the current tax provision recorded in the consolidated statement of operations and deficit and any income tax refunds received. These adjustments have the effect of removing changes in working capital resulting from the timing of quarterly tax payments and annual refund from the calculation of cash flow available for distribution. In addition, during the third quarters of both 2007 and 2006, the respective prior year tax returns were finalized. As a result, the previously recorded tax provisions were adjusted to reflect the actual tax liability on the final tax returns. These amounts are included in this table as additions to income tax installments recoverable in the amounts of $1,544 and $2,195 for the three and twelve months ended December 31, 2007 and 2006 respectively.

(2) During the second quarter of 2007, the Company settled a long-term gas transportation contract liability for a $9.75 million cash payment. The cash payment was previously expected to create a taxable loss in 2007 that would be carried back to prior years and result in a refund of approximately $3.2 million. This expected refund was previously included in income tax installments recoverable for the period ended second quarter of 2007. During the fourth quarter of 2007, management revised its estimates of taxable income for 2007 and determined that the Company is likely to have taxable income during the year rather than the taxable loss that resulted from the analysis in the second quarter. Accordingly, the Company does not expect to realize the $3.2 million cash tax benefit that was added to cash available for distribution in the second quarter and this amount has been subtracted from cash available for distribution in the fourth quarter.

(3) Capital expenditures exclude amounts spent at the Lake Project to purchase and install upgraded gas turbines in the amount of $1,483 and $9,277 for the three and twelve months ended December 31, 2007. Proceeds from the sale of the replaced turbines in the amount of $3,061 are also excluded from cash available for distribution for the three and twelve month periods ended December 31, 2007.

(4) Cash Flow Available for Distribution is not a recognized measure under GAAP and does not have any standardized meaning prescribed by GAAP. Therefore, this measure may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures".

Project Adjusted EBITDA(1) (in thousands of U.S. dollars) (unaudited)	Three months ended December 31, 2007	2006	Years ended December 31, 2007	2006
Adjusted EBITDA(1) from consolidated and proportionately consolidated Projects				
Badger Creek	1,314	1,290	4,109	4,188
Chambers	4,962	3,684	28,028	23,984
Koma Kulshan	323	107	1,196	758
Lake	6,633	6,612	28,042	28,970
Mid-Georgia	982	688	5,587	4,461
Onondaga	4,681	6,244	21,966	23,500
Orlando	2,214	2,361	8,336	10,040
Pasco	3,633	3,226	14,225	9,761
Stockton	968	1,014	3,505	1,915
Topsham	470	812	2,031	2,523
Path 15	8,175	7,815	31,564	9,270
Other	248	164	987	645
Total adjusted EBITDA(1) from consolidated and proportionately consolidated Projects	34,603	34,017	149,576	120,015
Amortization	9,792	11,965	48,188	40,676
Interest expense, net	8,868	6,298	26,975	16,795
Change in the fair value of derivative instruments	38,730	5,306	128,377	18,233
Other expense	77,934	-	67,897	(2,499)
Earnings (loss) from consolidated and proportionately consolidated Projects	(100,721)	10,448	(121,861)	46,810

Adjusted EBITDA(1) from equity and cost method Projects				
Delta-Person	558	529	2,255	2,457
Gregory(2)	-	2,176	-	6,066
Jamaica	-	741	2,381	3,432
Rumford	655	237	2,585	1,479
Selkirk(2)	4,821	5,443	10,350	16,838
Other	16	(136)	(205)	(229)
Total adjusted EBITDA(1) from equity and cost method Projects	6,051	8,990	17,366	30,043
Amortization	463	3,369	1,948	13,061
Interest expense, net	223	1,488	1,172	5,892
Other Expense(3)	-	(72)	(5,115)	170
Income tax	73	48	665	482
Equity income from cost and equity investments	5,292	4,157	8,466	10,438
Project income				
Total adjusted EBITDA(1) from all Projects	40,654	43,007	166,942	150,058
Amortization	10,255	15,334	50,136	53,737
Interest expense, net	9,091	7,786	28,148	22,687
Other (income) expense	77,936	(72)	73,011	(2,329)
Change in the fair value of derivative instruments	38,728	5,306	128,376	18,233
Income taxes	73	48	665	482
Project income (loss) as reported in the statement of income	(95,430)	14,605	(113,395)	57,248
Earnings (loss) from consolidated and proportionately consolidated Projects	100,722	10,448	(121,861)	46,810
Income from cost and equity method Projects	5,292	4,157	8,466	10,438
Project income (loss) as reported in the statement of income	95,430	14,605	(113,395)	57,248

(1) Adjusted EBITDA is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization (including non-cash impairment charges) and changes in fair value of derivative instruments. Management uses adjusted EBITDA at the Projects to provide comparative information about Project performance. See Non-GAAP Financial Measures in this MD&A.

(2) Effective January 1, 2007, the Gregory and Selkirk Projects are accounted for under the cost method of accounting. See "Changes in Accounting Policies" in this MD&A for additional information.

(3) Sale of the Company's equity investment in the Jamaica Project for $6.2 million closed on October 30, 2007. Other expense includes an impairment in the amount of $5.1 million recorded in the second quarter of 2007.

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Source: Atlantic Power Corporation

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