Atlantic Power Corporation

Atlantic Power Corporation Announces Third Quarter 2008 Results

BOSTON, MASSACHUSETTS -- (MARKET WIRE) -- 11/12/08 -- Atlantic Power Corporation (TSX: ATP.UN)(TSX: ATP.DB) (the "Company") today announced strong results for the three and nine months ended September 30, 2008. All amounts are in U.S. dollars unless otherwise indicated.

Highlights:

- Cash available for distribution up 76% through first nine months of year

- Payout ratio of 72% for nine months ended September 30, 2008

- Executed natural gas hedges at Lake project at favorable prices

- Currency hedges extended at attractive rates for two years through 2013

- Acquisition of Auburndale cogeneration facility to boost cash flow

- Remaining $35.6 million Auction Rate Securities sold at par, further strengthening the balance sheet

"We continue to generate strong and sustainable cash available for distribution, and are on track to achieve an 11% increase in distributions from our projects in 2008," commented Barry Welch, President and CEO. "We are also on track to close the Auburndale acquisition in the fourth quarter and continue to look for additional accretive acquisitions that will further strengthen and extend our cash flows and the value of our power-producing portfolio."

Operating Performance

Adjusted EBITDA at the Projects, including earnings from equity investments, was $32.6 million for the quarter ended September 30, 2008 compared $41.8 million for the same period last year. The decrease in Adjusted EBITDA in the third quarter was due to a number of factors, including:

- Higher Adjusted EBITDA in 2008 at Pasco due to the acquisition of the additional interest in the Project in December 2007 and higher power prices, offset by higher fuel costs following the expiration of its fuel supply agreement at the end of the second quarter. Beginning January 1, 2009, a new ten-year PPA at the Pasco Project requires the PPA counterparty to provide natural gas required to operate the plant and, as a result, the Pasco Project will no longer be exposed to changes in market prices of natural gas.

- Increased Adjusted EBITDA Lake in 2008 due to higher power prices and higher plant efficiency as a result of the turbine upgrades performed in the fourth quarter of 2007.

- The absence of revenue at Onondaga as the contracts that provided substantially all of the Project's cash flow expired in the second quarter of this year, as previously disclosed. This plant was taken out of service as a result of the efficiency of its equipment and the regional electricity market. This combination of factors is not typical at the Company's other Projects.

- Delay in timing of distributions from Selkirk as a result of restrictions under the terms of the Project's non-recourse debt. Management currently expects that the restricted cash will become available in the fourth quarter of 2008 and in 2009.

For the first nine months of 2008, Adjusted EBITDA increased approximately 3.4% to $125.2 million compared to the same nine-month period last year. In addition to the factors described above for the third quarter, the change in Adjusted EBITDA was primarily due to the following factors:

- Receipt of an $8.9 million distribution from the Gregory Project resulting from a release of debt services reserves at that Project that was anticipated after signing a new PPA in the second quarter of 2007

- The absence of Adjusted EBITDA from Jamaica in 2008 due to the sale of the Project in the fourth quarter of 2007.

- Lower Adjusted EBITDA at Chambers due to a planned outage in the second quarter of 2008

- Reduced Adjusted EBITDA at Stockton attributable to a planned outage in the second quarter of 2008.

Cash Flow Available for Distribution

For the three months ended September 30, 2008, Cash Flow Available for Distribution declined to $9.5 million compared to $12.0 million for the same period last year. Distributions declared in the third quarter of 2008 were $15.4 million, resulting in a payout ratio of 162% compared to a payout ratio of 131% in last year's third quarter.

The decrease in Cash Flow Available for Distribution is due primarily to lower Project Adjusted EBITDA. In addition, changes in working capital had a significant negative impact on operating cash flow in the third quarters of both 2007 and 2008, primarily due to the timing of the build-up of cash at the Company's Projects that becomes available following scheduled debt payments.

For the nine months ended September 30, 2008, Cash Flow Available for Distribution rose to $66.6 million compared to $37.8 million for the same period last year. Distributions declared for the first nine months of 2008 were $47.9 million, resulting in a payout ratio of 72% compared to 118% in the prior year period. The increase in Cash Flow Available for Distribution reflects higher Project Adjusted EBITDA and the positive impact of working capital changes in the first half of 2008 when compared to the prior year, partially offset by the factors impacting the third quarter described above.

Recent Developments

On September 30, 2008, the Company announced that it had agreed to acquire Auburndale Power Partners, Limited Partnership ("Auburndale"), which owns and operates a 155 MW natural gas-fired combined cycle cogeneration facility located in Polk County, Florida. The purchase price will be approximately US$134.5 million plus routine working capital adjustments and will be funded by cash on hand, a borrowing under the Company's credit facility and $35 million of acquisition debt. Closing of the acquisition is subject to customary closing conditions, and is anticipated to occur in the fourth quarter of 2008.

In September approximately $1 million of the Company's investment in auction-rate securities ("ARS") were redeemed at par value, reducing the Company's ARS par value investment to $35.6 million. In November the Company completed the sale of the remaining $35.6 million of ARS investments for proceeds of $35.6 million, which will be received on November 13, 2008. "We were pleased to have sold our ARS investments for their full value, and will use the proceeds to fund a portion of the Auburndale acquisition," Mr. Welch concluded.

The Lake Project's operating margin is exposed to changes in natural gas prices from the expiry of its natural gas supply contract on June 30, 2009 through the expiry of its PPA on July 31, 2013. In the third quarter of 2008, the Company entered into a series of financial swaps that effectively fixed the price of natural gas at the Lake Project during the second half of 2009 at a weighted average price of $8.64/Mmbtu. In October 2008, the Company entered into a series of financial swaps that effectively fix the price of natural gas at $7.85/Mmbtu, for approximately 25% of the natural gas volumes that are projected to be consumed by the Lake Project in 2010.

On July 25, 2008, the Toronto Stock Exchange ("TSX") approved a normal course issuer bid to purchase up to four million IPSs, representing approximately 8% of the Company's public float. As of September 30, 2008, the Company had acquired and cancelled 558,620 IPSs at an average price of Cdn$8.78 under the terms of the issuer bid.

The calculation of Cash Flow Available for Distribution and a summary of Adjusted EBITDA by individual project for the three and nine months ended September 30, 2008 are attached to this news release.

The Company's financial statements for the period and management's discussion and analysis for the three and nine months ended September 30, 2008 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 13 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 31, 2007 and under "Risk Factors" in the Company's annual information form dated March 28, 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 ended March 31, 2008. 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.

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Cash Flow Available for Distribution(2)
(In thousands of U.S. dollars, except as otherwise stated)

	Three months ended September 30,		Nine months ended September 30,	
(unaudited)	2008	2007(1)	2008	2007(1)
Cash flows from operating activities	7,176	8,007	64,932	38,717
Project-level debt repayment	(6,676)	(4,643)	(24,693)	(24,425)
Interest on IPS portion of Subordinated Notes	9,242	9,390	28,637	26,758
Purchase of property, plant and equipment	(222)	(779)	(2,325)	(3,238)
Cash flow available for distribution, US$	9,520	11,975	66,551	37,812
Interest on IPS Subordinated Notes	9,242	9,390	28,637	26,758
Dividends on IPS Common Shares	6,206	6,305	19,230	17,969
Total IPS distributions, US$	15,448	15,695	47,867	44,727
Cash flow available for distribution per IPS, US$				
- basic	0.16	0.19	1.08	0.62
- diluted	0.14	0.18	1.03	0.60
Total distribution declared per IPS, US$	0.25	0.26	0.78	0.73
Cash flow available for distribution, Cdn$	9,915	12,336	67,800	40,840
Total IPS distributions, Cdn$	16,216	16,295	48,815	48,886
Cash flow available for distribution per IPS, Cdn$				
- basic	0.16	0.20	1.10	0.66
- diluted	0.15	0.19	1.05	0.65
Total distribution declared per IPS, Cdn$	0.26	0.27	0.79	0.80

1 Amounts previously reported in 2007 have been revised to conform to the calculation of Cash Available for Distribution adopted in 2008, which does not include any adjustment for income taxes recoverable. Through the end of 2007, the Company was required to pay tax instalments based on estimates of taxable income without the benefit of the interest deduction related to the Subordinated Notes and Debentures. This requirement resulted in the payment of significant tax instalments to the IRS, followed by a refund of most of the instalment payments when the actual tax returns were filed in subsequent periods with the full benefit of the interest deductions on the Subordinated Notes and Debentures. As of January 1, 2008, the Company is

permitted to calculate tax instalment payments with the full benefit of these interest payments factored into estimated taxable income. As a result, management expects significant fluctuations in working capital related to tax instalments and subsequent refunds to decrease and the adjustment to Cash Flow Available for Distribution is no longer needed.

2 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".

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Project Adjusted EBITDA(1) (in thousands of U.S. dollars)

(unaudited)	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Adjusted EBITDA from consolidated and proportionately consolidated Projects				
Badger Creek	377	669	2,664	2,795
Chambers	8,081	7,899	21,537	23,066
Koma Kulshan	334	188	653	873
Lake	8,364	7,154	25,062	21,409
Mid-Georgia	1,641	2,812	3,616	4,605
Onondaga	(314)	5,437	8,332	17,285
Orlando	2,733	2,112	3,037	6,122
Pasco	1,292	3,659	17,293	10,592
Stockton	415	879	1,003	2,537
Topsham	415	415	1,670	1,561
Path 15	8,131	8,152	22,555	23,389
Other	38	274	578	738
Total adjusted EBITDA from consolidated and proportionately consolidated Projects	31,507	39,650	108,000	114,972
Amortization	11,747	12,893	36,703	38,396
Interest expense, net	6,297	7,461	19,044	18,108
Change in the fair value of derivative instruments	(98,040)	6,451	22,431	89,647
Other income	(3,584)	(8)	(5,465)	(10,040)
Earnings (loss) from consolidated and proportionately consolidated Projects	115,087	12,853	35,287	(21,139)
Adjusted EBITDA from equity and cost method Projects				
Delta-Person	473	574	1,475	1,697
Gregory	-	-	8,933	-
Jamaica	-	-	-	(2,734)
Rumford	601	657	1,794	1,930
Selkirk	-	862	5,197	5,529
Other	-	47	(163)	(221)
Total adjusted EBITDA from equity and cost method Projects	1,074	2,140	17,236	6,201
Amortization	455	486	1,381	1,485
Interest expense, net	155	248	527	949
Other expense	-	-	-	-

Income tax	-	12	-	594
Income from equity and cost method projects	464	1,394	15,328	3,173

Project income				
Total adjusted EBITDA from all Projects	32,581	41,790	125,236	121,173
Amortization	12,202	13,379	38,084	39,881
Interest expense, net	6,451	7,709	19,570	19,057
Other (income) expense	(3,584)	(8)	(5,465)	(10,040)
Change in fair value of derivative instruments	(98,040)	6,451	22,431	89,647
Income tax	-	12	-	594
Project income (loss) as reported in the statement of income	115,552	14,247	50,616	(17,966)
Earnings (loss) from consolidated and proportionately consolidated Projects	115,087	12,853	35,287	(21,139)
Income from long-term investments	465	1,394	15,329	3,173
Project income (loss) as reported in the statement of income	115,552	14,247	50,616	(17,966)

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.

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