Atlantic Power Corporation

Atlantic Power Corporation Announces Second Quarter 2009 Results

TORONTO, ONTARIO -- (MARKET WIRE) -- 08/11/09 -- Atlantic Power Corporation (TSX: ATP.UN)(TSX: ATP.DB) (the "Company") today announced its results for the three and six months ended June 30, 2009. All amounts are in U.S. dollars unless otherwise indicated.

Highlights:

- Results consistent with management's expectations and guidance

- Conservative 71% payout ratio for first six months of 2009

- Actively hedging low natural gas prices at Lake and Auburndale Projects

- Final settlement for Path 15 rates approved by FERC

- Pending dispositions of Stockton and Mid-Georgia rationalize portfolio and generate cash for future growth

"Our results for the second quarter and first half of 2009 were consistent with our expectations and in- line with our guidance for the year," commented Barry Welch, President and CEO. "Despite planned outages to prolong the life and to ensure efficient and reliable operations at several of our Projects, we achieved a conservative 71% payout ratio through the first half of the year. Looking ahead, we are maintaining our long-term guidance that, without taking into account the benefit of any future acquisitions or organic growth opportunities, we will have sufficient cash on hand and projected future cash flows from our Projects to meet the current level of cash distributions into 2015."

Operating Performance

Adjusted EBITDA at the Projects, including earnings from equity investments, decreased by $12.5 million for the quarter ended June 30, 2009 compared to the same period last year. For the first six months of 2009, Adjusted EBITDA decreased by $23.9 million compared to the same period last year. Adjusted EBITDA in the second quarter and first half of 2009 was affected by a number of factors, including:

- Increased EBITDA attributable to the acquisition of the Auburndale project in November 2008

- Lower EBITDA at Pasco due to the commencement of the Project's new ten-year tolling agreement on January 1, 2009 at lower rates than the power purchase agreement that expired at the end of 2008

- The absence of EBITDA at Onondaga as the contracts that provided substantially all of the project's cash flow expired in the second quarter of 2008

- A distribution in the first quarter of 2008 from the cost method Gregory Project related to the non-recurring release of debt service reserves at that Project

- Decreased EBITDA at Chambers and Badger Creek due to planned and unplanned outages during the first six months of 2009

Cash Flow Available for Distribution

For the three months ended June 30, 2009, Cash Flow Available for Distribution declined to $21.3 million compared to $27.2 million for the same period last year. For the first half of 2009, Cash Flow Available for Distribution declined to $39.3 million compared to $57.0 million for the same period in 2008. The decrease is due primarily to changes in adjusted EBITDA as outlined above.

Distributions declared in the second quarter of 2009 were $14.4 million, resulting in a payout ratio of 68% compared to a payout ratio of 60% in last year's second quarter. For the six months ended June 30, 2009, Distributions declared were $27.8 million, resulting in a payout ratio of 71% compared to 57% for the same six month period last year.

Recent Developments

The Company is in advance stages of negotiation to sell its 50% interest in the Mid-Georgia Project. Mid-Georgia is a 308 MW dual-fuel, combined-cycle cogeneration project located in Kathleen, Georgia. The purchase and sale agreement is expected to be signed soon, with closing anticipated to occur before the end of 2009. Historically, Mid-Georgia has provided minimal Adjusted EBITDA and was not expected to make cash distributions to the Company for the next several years. The proceeds from the sale will be used to finance future growth.

On July 27, 2009, the Company signed a purchase and sale agreement to sell its 50% interest in the Stockton Project for a nominal cash payment. Stockton is a 55 MW coal/biomass cogeneration facility located in Stockton, California. Completion of the sale is subject to closing conditions and is anticipated to occur before the end of 2009. The Company expects to record a book loss on the sale of approximately $2 million and a tax loss of approximately $12 million. The Project is facing additional capital investment in order to use more biomass fuel and historically has only provided approximately 2% of the Company's Adjusted EBITDA. The tax loss on the sale of Stockton will be used to mitigate the expected tax gain on the sale of Mid-Georgia and increase the after-tax cash proceeds of the Mid-Georgia disposition.

In the first quarter of 2009 Path 15, FERC staff, and the intervenors in the Project's rate case filed an uncontested settlement with the FERC related to the approval of the Company's proposed rates for the 2008 - 2010 period. The FERC issued a final order approving the settlement on August 3, 2009. The terms of the settlement will allow Path 15 to continue making distributions to the Company that are consistent with management's expectations in 2009 and 2010. In the third quarter of 2009, Path 15 will be making a refund of approximately $1.6 million, comprising the amount collected in excess of the settlement rates since the initial order in February 2008. Provision for this refund has been recorded as of June 30, 2009. Independently, the final landowner litigation over right-of-way issues was resolved recently, which resulted in approximately $6 million being released during the second quarter to the Company from a construction reserve account.

During the three months ended June 30, 2009, the Company acquired 481,600 IPSs at an average price of Cdn $8.42 under the terms of its existing normal course issuer bid. As of June 30, 2009, the Company had acquired a cumulative total of 1,040,220 IPSs at an average price of Cdn $8.61 since the inception of the issuer bid. The issuer bid terminated on July 24, 2009. The Company does not anticipate any additional share repurchases at this time.

Guidance

The Company reiterates its previous guidance that based on management projections, the Company's cash on hand and projected future cash flows only from existing Projects are sufficient to meet the current level of cash distributions to IPS holders into 2015 before considering any positive impact from potential acquisitions or organic growth opportunities.

Based on year-to-date results and management projections for the remainder of the year, the Company confirms its expectation to receive distributions from its Projects in the range of $90 million to $95 million for the full year 2009. The reduction from 2008 Project distributions is partially attributable to non-recurring positive cash flows in 2008 and anticipated changes to contractual cash flows and planned outages as more fully described in Management's Discussion and Analysis for the three and six months ended June 30, 2009. A decrease in 2009 Project distributions has historically been included in management's long-term cash flow projections and does not change the Company's ability to continue paying distributions to shareholders at current levels.

The calculation of Cash Flow Available for Distribution and a summary of Adjusted EBITDA by individual project for the three and six months ended June 30, 2009 are attached to this news release.

The Company's financial statements for the period and management's discussion and analysis for the three and six months ended June 30, 2009 are available on the Company's website at www.atlanticpowercorporation.com and on SEDAR at www.sedar.com.

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 and the Projects. Examples of such statements include: the expectation that the Company's cash on hand and projected future cash flows from existing Projects will be adequate to meet the current level of cash distributions to IPS holders into 2015 without additional acquisitions; the amount of distributions expected to be received from the Projects for the full year 2009; the Company's current forecast of expected annual cash distributions from the Lake and Auburndale Projects through 2012; the expected decrease in distributions from Chambers in 2009; and the expected completion of the dispositions of the Company's investments in Stockton and Mid-Georgia. Such forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the assumption that the Projects will operate and perform in accordance with the Company's expectations. 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. In addition to the assumption described above, reference should also be had to the factors discussed under "Risk Factors" in the Company's Annual Information Form dated March 30, 2009. 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. The financial outlook information contained in this news release is presented to provide readers with guidance on the cash distributions expected to be received by the Company and to give readers a better understanding of the Company's ability to pay its current level of distributions into the future. Readers are cautioned that such information may not be appropriate for other purposes.

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 June 30, 2009. 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.

About Atlantic Power

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 maintain the stability of cash distributions to its shareholders and increase the long term value of the Company by enhancing the performance of its existing assets and by making accretive acquisitions. For more information, please visit the Corporation's website at www.atlanticpowercorporation.com.

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

(unaudited)	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Cash flows from operating activities	21,754	30,328	36,777	57,756
Project-level debt repayments	(7,795)	(12,226)	(11,715)	(18,017)
Interest on IPS portion of Subordinated Notes	8,365	9,690	16,078	19,394
Purchase of property, plant and equipment(2)	(1,018)	(573)	(1,876)	(2,104)
Cash Flow Available for Distribution(1), US$	21,306	27,219	39,264	57,029
Per Basic IPS, US$	$0.35	$0.44	$0.65	$0.93
Per Diluted IPS, US$	$0.35	$0.44	$0.62	$0.88
Interest on IPS Subordinated Notes	8,365	9,690	16,078	19,394
Dividends on IPS Common Shares	6,079	6,507	11,672	13,024
Total IPS distributions, US$	14,444	16,197	27,750	32,418
Per IPS, US$	$0.24	$0.26	$0.46	$0.53
Payout ratio	68%	60%	71%	57%

Cash Flow Available for Distribution, Cdn$	24,865	27,488	47,331	57,425
Per Basic IPS, Cdn$	$0.41	$0.45	$0.78	$0.93
Per Diluted IPS, Cdn$	$0.41	$0.44	$0.75	$0.89
Total IPS distributions, Cdn$	16,561	16,303	33,234	32,598
Per IPS, Cdn$	$0.27	$0.27	$0.55	$0.53

(1) 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".

(2) Excludes $3.0 million investment in Rollcast made in the first quarter of 2009.

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

	Three months ended June 30,		Six months ended June 30,	
(unaudited)	2009	2008	2009	2008
Adjusted EBITDA(1) from consolidated and proportionately consolidated Projects				
Auburndale	10,386	-	18,547	-
Badger Creek	512	675	1,731	2,287
Chambers	(1,128)	5,172	5,024	13,456
Koma Kulshan	455	420	412	319
Lake	7,723	9,215	15,620	16,698
Mid-Georgia	628	1,172	1,387	1,975
Onondaga	-	4,206	-	8,646
Orlando	2,136	1,523	3,975	304
Pasco	901	8,474	2,869	16,002
Stockton	(1,259)	(508)	(1,114)	588
Topsham	703	570	1,118	1,255
Path 15	6,931	7,360	13,832	14,424
Other	(145)	282	(306)	541
Total adjusted EBITDA(1) from consolidated and proportionately consolidated Projects	27,843	38,561	63,095	76,495
Amortization	14,816	11,638	29,796	24,956
Interest expense, net	6,958	6,489	13,656	12,747
Change in the fair value of derivative instruments	(48,012)	94,411	12,578	120,472
Other (income) expense	(999)	(1,358)	(809)	(1,881)
Income (loss) from consolidated and proportionately consolidated Projects	55,080	(72,619)	7,874	(79,799)
Adjusted EBITDA(1) from equity and cost method Projects				
Delta-Person	391	508	824	1,002
Gregory	600	791	600	8,933
Rumford	652	601	1,308	1,192
Selkirk	2,998	4,457	2,998	5,197
Other	(97)	-	(95)	(162)
Total adjusted EBITDA(1) from equity and cost method Projects	4,544	6,357	5,635	16,162
Amortization	193	463	403	926
Interest expense, net	92	147	190	372
Other Income	-	-	(95)	-
Income from cost and equity				

investments	4,259	5,747	5,137	14,864
Project income				
Total adjusted EBITDA(1) from all Projects	32,387	44,918	68,730	92,657
Amortization	15,009	12,101	30,199	25,882
Interest expense, net	7,050	6,636	13,846	13,119
Change in the fair value of derivative instruments	(48,012)	94,411	12,578	120,472
Other (income) expense	(999)	(1,358)	(904)	(1,881)
Project income (loss) as reported in the statement of income	59,339	(66,872)	13,011	(64,935)
Income (loss) from consolidated and proportionately consolidated Projects	55,080	(72,619)	7,874	(79,799)
Equity income from equity and costs investments	4,259	5,747	5,137	14,864
Project income (loss) as reported in the statement of income	59,339	(66,872)	13,011	(64,935)

(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.

Contacts:
Atlantic Power Corporation
Patrick Welch
(617) 977-2700
info@atlanticpowercorporation.com
www.atlanticpowercorporation.com
