Atlantic Power Corporation

Atlantic Power Corporation Announces Third Quarter 2009 Results

TORONTO, ONTARIO -- (MARKET WIRE) -- 11/10/09 -- Atlantic Power Corporation (TSX: ATP.UN)(TSX: ATP.DB) (the "Company") today announced its results for the three and nine months ended September 30, 2009. All amounts are in U.S. dollars unless otherwise indicated.

Highlights:

-- Third quarter Adjusted EBITDA up 3%
-- 83% payout ratio for first nine months of 2009
-- 2009 project distributions guidance raised; long-term guidance confirmed
-- Conversion to common share structure and U.S. listing to enhance growth prospects
-- Internalization of management fully aligns interests with all investors

"Our results for the first nine months of 2009 enable us to confirm our 2009 guidance during a period of significant stresses in the economy," commented Barry Welch, President and CEO. "Our proposed conversion to a traditional common share structure followed by a U.S. listing in the first half of 2010 will provide several key benefits: it will reduce our capital cost, enhance our ability to raise new financing to capitalize on accretive growth opportunities, and increase cash flow," Mr. Welch continued. "The conversion will also reduce the Company's leverage by eliminating the subordinated notes portion of the IPS, eliminate the associated refinancing risk of the subordinated notes, and effectively increase after-tax cash distributions to taxable investors both in Canada and the United States."

The Board of Directors has recommended a favourable vote on the conversion and the Company's largest holder of IPSs, the Caisse de Depot et Placement du Quebec, which owns approximately 19% of the outstanding IPSs and Cdn$36.5 million principal amount of separate subordinated notes, has expressed its support of the conversion and indicated their intention to vote their IPSs in favour of the conversion. Details regarding the conversion were provided in a Management Information Circular mailed to all IPS holders, which is available on SEDAR and on the Company's website. A Special meeting of IPS holders will be held on November 24 to consider the matter.

Operating Performance

Adjusted EBITDA at the Projects, including earnings from equity investments, increased by 3% or $0.8 million for the quarter ended September 30, 2009 compared to the same period last year. Adjusted EBITDA in the third quarter was affected by a number of factors, including:

-- Increased EBITDA attributable to the acquisition of the Auburndale project in November 2008.
-- Decreased EBITDA at Chambers attributable to lower levels of dispatch by the utility off-taker in connection with reduced demand and lower natural gas and power prices in the region. Operating the plant at a lower capacity factor also decreased its efficiency, further contributing to reduced operating margins.
-- Reduced EBITDA at Lake attributable to higher fuel expense due to natural gas purchases at higher prices than those under the supply contract that expired in June 2009. The Company is continuing to execute a hedging strategy to mitigate its future exposure to changes in natural gas prices.
-- Lower EBITDA at Pasco due to commencement of the Project's new ten-year tolling agreement on January 1, 2009 at lower rates than the previous power purchase agreement ("PPA") that expired at the end of 2008.

For the nine months ended September 30, 2009, Adjusted EBITDA decreased by $20.8 million compared to the same period last year. In addition to the factors described above, results for the first nine months of the year were impacted by the following:

-- Decreased EBITDA attributable to a major planned outage at Chambers in the second quarter of 2009.
-- 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.
-- The distribution during the first quarter of 2008 from the cost method Gregory project related to the non-recurring release of debt service

reserves.

Cash Flow Available for Distribution

For the three months ended September 30, 2009, Cash Flow Available for Distribution increased to $12.5 million compared to $10.2 million for the same period last year. For the first nine months of 2009, Cash Flow Available for Distribution declined to $52.2 million compared to $66.6 million for the same period in 2008. The decrease is due primarily to changes in adjusted EBITDA as outlined above.

Distributions declared in the third quarter of 2009 were $15.3 million, resulting in a payout ratio of 123% compared to $15.4 million and a payout ratio of 152% in last year's third quarter. For the nine months ended September 30, 2009, Distributions declared were $43.1 million, resulting in a payout ratio of 83% compared to $47.9 million and a 72% payout ratio for the same nine month period last year. As previously discussed, the payout ratio varies from quarter to quarter based on factors that include the timing of semi-annual payments on non-recourse debt at some of the Company's projects.

Recent Developments

On October 13, 2009, the Company announced that it would be seeking a vote from holders of its IPSs to approve a conversion from the Company's current IPS structure to a traditional common share structure. Following completion of the conversion, the Company will maintain its current business strategy and its current distribution levels. Under the proposed conversion, each IPS will be exchanged for one new common share of the Company. Following the conversion, the Company's entire current monthly cash distribution of Cdn$0.0912 per IPS will be paid as a dividend on the new common shares. In addition, the Company announced its intention to list the new common shares on the New York Stock Exchange in the first half of 2010.

The Company also announced on October 13, 2009 that it has agreed to pay ArcLight Capital Partners, LLC $15 million to terminate its management agreements, consisting of a $6 million payment at the termination date, expected at the end of 2009, and additional payments of $5 million, $3 million and $1 million on the respective first, second and third anniversaries of the termination date. In connection with the termination of the management agreement, the Company will hire all current employees of Atlantic Power Management, LLC and will enter into new employment agreements with the officers of the Manager.

During the three month period ended September 30, 2009, management reviewed the recoverability of its investment in the Rumford project. The review was undertaken as a result of not receiving distributions from the Project through the first nine months of 2009 and management's view about the long-term economic viability of the plant when the current PPA expires on December 31, 2009. Based on this review, management determined that the carrying value of the Rumford project was impaired and recorded a pre-tax long-lived asset impairment of $5,500 as of September 30, 2009.

On August 14, 2009, the Company signed an agreement 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 closing of the sale is subject to customary closing conditions and is 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 an agreement to sell its 50% interest in the Stockton Project for a nominal cash payment. Closing of the sale is subject to customary closing conditions and is anticipated to occur before the end of 2009. The Company recorded a book loss on the sale of approximately $1.7 million and expects to generate a tax loss of approximately $12 million. The tax loss on the sale of Stockton will be available to mitigate the estimated $12 million tax gain on the sale of Mid-Georgia and will increase the after-tax cash proceeds of the Mid-Georgia disposition. Stockton is a 55 MW coal/biomass cogeneration facility located in Stockton, California. 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.

During the nine months ended September 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 September 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 additional share repurchases at this time.

Guidance

Based on year-to-date results and management projections for the remainder of the year, the Company expects to receive distributions from its Projects in the range of $95 million to $100 million for the full year 2009, which represents a $5 million improvement over guidance previously disclosed. This amount represents a decrease of approximately $25 million to $30 million compared to distributions received from the Projects in 2008. The decrease in 2009 Project distributions has historically been included in long-term cash flow projections when management periodically confirms the Company's ability to continue paying distributions to shareholders at current levels.

In addition, the Company confirms its previous long-term 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.

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, 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 nine months ended September 30, 2009 are available on the Company's website at www.atlanticpowercorporation.com and on SEDAR at www.sedar.com.

Certain statements in this MD&A 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 (as defined below). Examples of such statements include, but are not limited to statements with respect to the following:

- 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 intention of the Company to continue to pay out the same level of distributions following the completion of the proposed common share conversion;
- the intention of the Company to seek a listing of the new common shares on the New York Stock Exchange in the first half of 2010;
- the expected access to, and cost of, capital following the completion of the Conversion; 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 September 30, 2009. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

Adjusted EBITDA is defined as income from continuing operations less interest, taxes, depreciation and amortization (including non-cash impairment charges) and changes in fair value of derivative instruments. Adjusted EBITDA is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Management uses unaudited Adjusted EBITDA at the Projects 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 companies.

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.atlanticpower.com.

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

(unaudited)	Three months ended September 30, 2009	2008	Nine months ended September 30, 2009	2008
Cash flows from operating activities of continuing operations	8,138	6,823	44,583	63,179
Project-level debt repayments	(3,472)	(5,725)	(14,372)	(22,999)
Interest on IPS portion of Subordinated Notes	8,879	9,242	24,957	28,637
Purchase of property, plant and equipment	(1,091)	(190)	(2,967)	(2,263)
Cash Flow Available for Distribution(1), US$	12,454	10,150	52,201	66,554
Per Basic IPS, US$	$0.21	$0.17	$0.86	$1.08
Per Diluted IPS, US$	$0.19	$0.15	$0.82	$1.03
Interest on IPS Subordinated Notes	8,879	9,242	24,957	28,637
Dividends on IPS Common Shares	6,438	6,206	18,110	19,230
Total IPS distributions, US$	15,317	15,448	43,067	47,867
Per IPS, US$	$0.25	$0.25	$0.71	$0.78
Payout ratio	123%	152%	83%	72%
Cash Flow Available for Distribution, Cdn$	13,670	10,572	61,029	67,804
Per Basic IPS, Cdn$	$0.23	$0.17	$1.01	$1.10
Per Diluted IPS, Cdn$	$0.21	$0.16	$0.95	$1.05
Total IPS distributions, Cdn$	16,557	16,216	49,791	48,815
Per IPS, Cdn$	$0.27	$0.26	$0.82	$0.79

(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".

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

(unaudited)	Three months ended September 30, 2009	2008	Nine months ended September 30, 2009	2008
Adjusted EBITDA(1) from				

consolidated and proportionately consolidated Projects				
Auburndale	9,707	-	28,254	-
Badger Creek	733	377	2,465	2,664
Chambers	4,299	8,081	9,325	21,537
Koma Kulshan	64	334	476	653
Lake	5,130	8,364	20,749	25,062
Onondaga	-	(314)	-	8,332
Orlando	2,111	2,733	6,085	3,037
Pasco	244	1,292	3,116	17,293
Topsham	415	415	1,533	1,670
Path 15	7,061	8,131	20,894	22,555
Other	88	37	(222)	578
Total adjusted EBITDA(1) from consolidated and proportionately consolidated Projects	29,852	29,450	92,675	103,381
Amortization	13,677	10,461	42,154	32,552
Interest expense, net	5,610	5,397	17,479	16,666
Change in the fair value of derivative instruments	(58,380)	(97,967)	(45,287)	22,679
Other (income) expense	671	(3,596)	(125)	(5,462)
Income from consolidated and proportionately consolidated Projects	68,274	115,155	78,454	36,946
Adjusted EBITDA(1) from equity and cost method Projects				
Delta-Person	60	473	894	1,475
Gregory	812	-	1,412	8,933
Rumford	655	601	1,963	1,794
Selkirk	-	-	2,998	5,197
Other	(45)	-	(141)	(163)
Total adjusted EBITDA(1) from equity and cost method Projects	1,482	1,074	7,126	17,236
Amortization	(20)	454	394	1,380
Interest expense, net	37	155	226	527
Other expense	5,500	-	5,404	-
(Loss) income from cost and equity investments	(4,035)	465	1,102	15,329
Project income				
Total adjusted EBITDA(1) from all Projects	31,334	30,524	99,801	120,617
Amortization	13,657	10,915	42,548	33,932
Interest expense, net	5,647	5,552	17,705	17,193
Change in the fair value of derivative instruments	(58,380)	(97,967)	(45,287)	22,679
Other (income) expense	6,171	(3,596)	5,279	(5,462)
Project income (loss) as reported in the statement of income	64,239	115,620	79,556	52,275
Income (loss) from consolidated and proportionately consolidated Projects	68,274	115,155	78,454	36,946
Equity (loss) income from equity and costs investments	(4,035)	465	1,102	15,329
Project income as reported in the statement of income	64,239	115,620	79,556	52,275

(1) Adjusted EBITDA is defined as income from continuing operations less interest, taxes, depreciation and amortization (including non-cash impairment charges) and changes in fair value of derivative instruments. Adjusted EBITDA is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Management uses unaudited Adjusted EBITDA at the Projects 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 companies.

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