

Atlantic Power Corporation Announces Fourth Quarter and Year-End 2009 Results

TORONTO, ONTARIO -- (MARKET WIRE) -- 03/29/10 -- Atlantic Power Corporation (TSX: ATP)(TSX: ATP.DB)(TSX: ATP.DB.A) (the "Company") today announced its results for the three months and year ended December 31, 2009. All amounts are in U.S. dollars unless otherwise indicated.

Highlights:

- Full year results at the top of guidance range with 87% payout ratio
- Maintaining guidance to sustain current level of dividends into 2015
- Conversion to common share structure completed with positive benefits to shareholders
- Issued Cdn\$86.25 million of 6.25% Convertible Debentures due 2017
- Retired remaining Cdn\$40.7 million of 11% Subordinated Notes
- Financing moving forward for first biomass project
- Inclusion in S&P/TSX Composite Index enhances trading liquidity
- On track for NYSE dual listing in second quarter of 2010

"We achieved results at the top end of guidance range for 2009, and reaffirm our long-term outlook that we can meet the current level of dividends to our shareholders into 2015 without any positive contribution from potential acquisitions or organic growth opportunities," commented Barry Welch, President and CEO. "We were also pleased to have our common shares included in the S&P/TSX Composite Index effective March 22, 2010, and we expect this will enhance liquidity for our shareholders."

Mr. Welch continued: "Our conversion to a traditional common share structure last November has reduced our cost of capital and enhanced our ability to raise new financing for accretive growth opportunities, which will increase our cash flow going forward. It also eliminated the refinancing risk associated with the subordinated notes portion of our prior IPS structure and effectively increased after-tax cash yields for taxable investors both in Canada and the United States."

Operating Performance

Adjusted EBITDA from continuing operations at the Projects, including earnings from equity investments, decreased by \$13.9 million for the quarter ended December 31, 2009 compared to the same period last year. Adjusted EBITDA in the fourth quarter was affected by a number of factors, including:

- Pasco's new ten-year tolling agreement was effective January 1, 2009 at lower rates than the power purchase agreement ("PPA") that expired at the end of 2008.
- Lake natural gas purchases in the second half of 2009 were at higher prices than those under the prior contract that expired in June 2009. The Company has continued to execute a hedging strategy to mitigate future exposure to changes in natural gas prices at both Lake and Auburndale.
- Because Selkirk is recorded under the cost method of accounting and did not receive any distributions in the fourth quarter of 2009, no EBITDA is reported. Current and projected operating margins at the Project are expected to prevent cash from being distributed until 2011 under terms of the Project's non-recourse debt agreement.
- Auburndale was acquired in November 2008 and contributed a full year of operations in 2009.
- Orlando received a partial settlement of business interruption and property insurance claims in the fourth quarter of 2008 related to the unplanned outage earlier that year.
- Chambers was dispatched less by the utility customer in connection with reduced demand, and lower power prices in the region reduced margins for merchant sales where profit is shared with the utility customer. Operating the plant at a lower capacity factor also decreased its efficiency, further contributing to reduced operating margins.

For the year ended December 31, 2009, Adjusted EBITDA from continuing operations decreased by \$34.8 million compared to the prior year. The decline was anticipated in management's guidance range for project distributions provided for the year. In addition to the factors described above, results for the year were impacted by the following:

- Chambers had its planned major outage in the second quarter of 2009.
- The distribution during the first quarter of 2008 from the Gregory Project related to the non-recurring release of a portion of its debt service reserves.
- Onondaga's contracts that provided substantially all of its cash flow expired in the second quarter of 2008.

Cash Flow Available for Distribution

Prior to the common share conversion completed on November 27, 2009, holders of Income Participating Securities (IPs) received monthly cash distributions in the form of interest payments on subordinated notes and dividends on common shares. Subsequent to the conversion, shareholders receive the same monthly cash distributions of Cdn\$1.094 per year in the form of a dividend on the common shares.

For the three months ended December 31, 2009, Cash Flow Available for Distribution decreased by \$14.8 million compared to the same period last year. For 2009, Cash Flow Available for Distribution declined by \$29.2 million compared to the prior year. The declines were anticipated in management's guidance range provided for the year. The decrease is due primarily to changes in Adjusted EBITDA as outlined above and the \$6 million payment related to the termination of the management agreements, which is discussed below. In addition, project-level debt repayments were lower in 2009 because the remaining balance of the non-recourse debt at the Pasco Project was paid in 2008, partially offset by project-level debt payments at Auburndale, which was acquired in November 2008.

The payout ratios for the fourth quarter and year ended December 31, 2009 were 102% and 87% respectively, compared to 45% and 63% for the same respective periods in 2008. 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 December 17, 2009, the Company issued, in a public offering, 6.25% convertible unsecured subordinated debentures due March 15, 2017, at a price of Cdn\$1,000 per debenture for total gross proceeds of Cdn\$75 million. On December 24, 2009, the underwriters exercised their over-allotment option in full to purchase an additional Cdn\$11.25 million aggregate principal amount of the 2009 debentures.

On November 24, 2009, the Company's shareholders approved the conversion from the Company's previous Income Participating Security ("IPS") structure to a traditional common share structure. The Company plans to maintain its current business strategy and its current dividend levels. Each IPS has been exchanged for one new common share of the Company and each old common share of the Company that did not form part of an IPS was exchanged for approximately 0.44 of a new common share of the Company. This transaction resulted in the extinguishment of Cdn\$347,832 principal value of 11% Subordinated Notes due 2016 that previously formed a part of each IPS. A loss on the Common Share Conversion in the amount of \$13,069 was recorded in interest expense within administrative and other expenses and was comprised of the write off of unamortized deferred financing costs of \$7,507, the costs associated with the Common Share Conversion of \$4,704 and the write off of the unamortized Subordinated Note premium of \$858. The Company's entire current monthly cash distribution of Cdn\$0.0912 per IPS is now 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 ("NYSE") in the second quarter of 2010.

On December 17, 2009, the Company retired the remaining Cdn\$40,677 principal value of Subordinated Notes at 105% of the principal amount. A loss on the redemption of these Subordinated Notes in the amount of \$3,175 was recorded in interest expense within administrative and other expenses and was comprised of the write off of unamortized deferred financing costs of \$1,240 and the 5% premium paid in the amount of \$1,935.

In connection with the shareholders meeting on the Common Share Conversion, the holders of the 6.25% Convertible Debentures due 2011 approved an amendment to increase the annual interest rate from 6.25% to 6.50% and separately, to extend the maturity date from October 2011 to October 2014.

The Company agreed to pay two private equity funds managed by ArcLight Capital Partners, LLC an aggregate of \$15 million to terminate its management agreements with the Company. An initial payment of \$6 million was made on the termination date of December 31, 2009, with additional payments of \$5 million, \$3 million and \$1 million to be made on the respective first, second and third anniversaries of the termination date. In connection with the termination of the management agreements, the Company hired all employees of Atlantic Power Management, LLC and entered into new employment agreements with its officers.

In the fourth quarter of 2009, the Company and the other limited partners in the Rumford Project settled a dispute with the general partner related to its failure to pay distributions to the limited partners in 2009. Under the terms of the settlement, the Company received its \$2.9 million in distributions in the fourth quarter of 2009. In addition, the general partner has agreed to purchase the interests of all the limited partners in 2010. However, the general partner is relieved of this obligation if certain conditions are met before June 30, 2010. If the general partner does purchase the limited partners interests, the Company's share of the proceeds will be approximately \$2.5 million.

On March 31, 2009, the Company acquired a 40% equity interest in Rollcast Energy, Inc., a North Carolina Corporation. Rollcast is a developer of biomass power plants in the southeastern U.S. with five, 50MW projects in various stages of development. The investment in Rollcast gives the Company the option but not the obligation to invest equity in those projects. Two of the development projects have 20-year PPAs with terms that allow for fuel cost pass-through to the utility customer. Total cash paid for the investment was \$3 million and it is accounted for under the equity method of accounting.

Earlier this month, the Company agreed to invest up to an additional \$2.0 million to increase its ownership interest in Rollcast up to 60%. Under the terms of the agreement, \$1.2 million of the investment was made this month, increasing the Company's ownership to 55%, with the remaining \$0.8 million subject to Rollcast achieving certain milestones. As a result of this additional investment, the Company will begin to consolidate its investment in Rollcast beginning in the first quarter of 2010. This add-on investment was contemplated at the time of the Company's original investment in Rollcast. In March 2010 Rollcast executed an engagement letter and term sheet with two banks to co-arrange debt financing for its first biomass project, expected to close in the second quarter of 2010.

Discontinued Operations

On November 30, 2009, the Company completed the sale of its 50% interest in the Stockton project to its general partner for a nominal cash payment. Stockton is a 55 MW coal/biomass cogeneration facility located in Stockton, California. The Project was facing the need for significant additional capital in order to use as much biomass fuel as possible. Historically the Project has only provided approximately 2% of the Company's Adjusted EBITDA. The Company recorded a book loss on the sale of \$2 million and generated a tax loss of approximately \$12 million which can be carried forward to mitigate taxable income in future years.

On November 24, 2009, the Company closed the sale of its 50% interest in the Mid-Georgia project for approximately \$29 million. Mid-Georgia is a 308 MW combined-cycle cogeneration plant located in Kathleen, Georgia. The Company recorded a gain on sale of \$15.8 million. 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.

Financial results for the two projects for the three and 12-months ended December 31, 2009 are presented as discontinued operations.

Guidance

Based on management projections, the Company confirms its long-term guidance that cash on hand and projected future cash flows from existing projects are sufficient to meet the current level of dividends to common shareholders 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 expects to receive distributions from its Projects in 2010 in the range of \$70 million to \$77 million in 2010. This amount represents a decrease of approximately \$23 million to \$30 million compared to distributions received from the Projects in 2009. The reductions in Project distributions and corporate-level cash flows in 2010 have historically been included in management's long-term cash flow projections when it periodically confirms the Company's long-term guidance. Additional details about these changes are included below.

At the corporate-level, management expects net cash taxes for 2010 will be a refund in the range of \$7 million to \$9 million, compared to insignificant net cash taxes in 2009. Also included in 2010 corporate-level costs will be the \$5 million payment under the terms of the management agreement termination, compared to the \$6 million payment in 2009.

Based on the project and corporate-level guidance described above, the Company's payout ratio is expected to be near 100% in 2010.

Looking ahead to 2011, management expects overall levels of cash flow and the payout ratio to be generally consistent with 2010. Higher Project distributions and a slightly lower payment from the management

agreement termination are expected to be offset by the non-recurrence of the cash tax refunds that are anticipated in 2010. In 2012, still higher distributions from the Projects are expected to increase operating cash flow and reduce the payout ratio significantly compared to 2010 and 2011. The most significant factor in the expected higher operating cash flow in 2012 is increased distributions from Selkirk following the final payment of its non-recourse project-level debt in mid-2012.

The following one-time items and contract changes comprise the most significant of the decreases in projected 2010 Project distributions compared to 2009.

- Final insurance proceeds received in 2009 at Orlando due to the unplanned outage in early 2008.
- Increase in non-recourse debt principal payments in 2010 for Auburndale Project level debt.
- The final landowner litigation over right-of-way issues at Path 15 was resolved in 2009 which resulted in \$6 million being released from the construction reserve account.
- Final payment related to Pasco's prior PPA that expired at end of 2008 was received in early 2009.

In 2009, the following Projects comprised approximately 86% of Project distributions received: Auburndale, Lake, Orlando, Path 15 and Pasco. For 2010, management expects these same five projects to contribute a similar proportion of total Project distributions in 2009.

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, 2009 are attached to this news release.

Copies of financial data and other publicly filed documents, including the Company's annual information form, are available on SEDAR at www.sedar.com under "Atlantic Power Corporation" or on the Company's website at www.atlanticpower.com.

Certain statements in this news release may constitute "forward-looking statements", which reflect the expectations of the Company 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 intention of the Company to seek a listing of the new common shares on the New York Stock Exchange in the second quarter of 2010;
- The expected opportunities for accretive acquisitions;
- The expected access to, and cost of capital following the completion of the Common Share Conversion;
- 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 dividends to shareholders into 2015 without additional acquisitions or organic growth;
- The amount of distributions expected to be received from the Projects for the full year 2010;
- Levels of cash flow and payout ratio estimated for 2010, 2011 and 2012;
- The Company's current forecast of expected annual cash distributions from the Lake and Auburndale Projects through 2012; and
- The expected increase in distributions received by the Company from Chambers in 2010 and Selkirk in 2011.

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 29, 2010. 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.

Information contained in this news release is based on information available to management as of March 29, 2010.

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 Distribution 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 year ended December 31, 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 companies.

About Atlantic Power

Atlantic Power Corporation owns interests in a diversified portfolio of 12 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 dividends 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.

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

(unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2009	2008	2009	2008
Cash Flow Available for Distribution:				
Cash flows from operating activities of continuing operations	17,436	34,199	62,019	97,378
Project-level debt repayments	(7,261)	(12,632)	(21,633)	(35,631)
Interest on IPS portion of Subordinated Notes(1)	5,682	7,923	30,639	36,560
Purchase of property, plant and equipment	(668)	528	(3,635)	(1,749)
Cash Flow Available for Distribution(2)	15,189	30,018	67,390	96,558
Per Basic common share	\$0.25	\$0.49	\$1.11	\$1.58
Per Diluted common share	\$0.25	\$0.48	\$1.07	\$1.51
Distributions to Shareholders:				
Interest on IPS Subordinated Notes(1)	5,682	7,923	30,639	36,560
Dividends on Common Shares	9,878	5,463	27,988	24,692
Total common share distributions	15,560	13,386	58,627	61,252
Per common share	\$0.26	\$0.22	\$0.97	\$0.99

Payout ratio	102%	45%	87%	63%
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Expressed in Cdn\$

Cash flow available for distribution, Cdn\$	16,057	36,387	76,884	103,081
Per Basic common share, Cdn\$	\$0.27	\$0.59	\$1.27	\$1.68
Per Diluted common share, Cdn\$	\$0.27	\$0.57	\$1.22	\$1.61

Total common share distributions, Cdn\$	16,534	16,328	66,325	65,143
Per common share, Cdn\$	\$0.27	\$0.27	\$1.09	\$1.06

(1) Prior to the Common Share Conversion on November 27, 2009, a portion of the Company's monthly distribution to IPS holders was paid in the form of interest on the Subordinated Notes comprising a part of the IPSs. Subsequent to the Common Share Conversion, the entire monthly cash distribution is paid in the form of a dividend on the Company's common shares.

(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".

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

	Three months ended December 31,		Twelve months ended December 31,	
(unaudited)	2009	2008	2009	2008

Adjusted EBITDA(1) from consolidated and proportionately consolidated Projects

Auburndale	6,967	4,461	35,221	4,461
Badger Creek	781	1,098	3,245	3,762
Chambers	4,270	6,066	13,595	27,603
Koma Kulshan	347	259	822	912
Lake	4,628	7,830	25,378	32,892
Onondaga	-	(467)	-	7,865
Orlando	2,772	5,170	8,858	8,206
Pasco	184	4,660	3,299	21,953
Topsham	346	958	1,879	2,629
Path 15	6,797	6,317	27,691	28,872
Other	(212)	384	(432)	963

Total adjusted EBITDA(1) from consolidated and proportionately consolidated Projects

	26,880	36,736	119,556	140,118
Amortization	13,692	11,011	55,847	43,563
Interest expense, net	5,882	6,526	23,361	23,193
Change in the fair value of derivative instruments	56,641	(78,028)	11,354	(55,348)
Other (income) expense	166	325	41	(5,138)

Income from consolidated and proportionately consolidated Projects

	(49,501)	96,902	28,953	133,848
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Adjusted EBITDA(1) from equity and cost method Projects

Delta-Person	0	536	894	2,012
Gregory	828	1,478	2,240	10,411
Rumford	626	603	2,590	2,395
Selkirk	-	2,834	2,996	8,032
Other	(93)	-	(234)	(165)

Total adjusted EBITDA(1) from equity and cost method Projects

	1,361	5,451	8,486	22,685
Amortization	(71)	455	323	1,824

Interest expense, net	15	191	240	727
Other expense	-	-	5,404	-

(Loss) income from cost and equity investments	1,417	4,805	2,519	20,134
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Project income

Total adjusted EBITDA(1)				
from all Projects	28,241	42,187	128,042	162,803
Amortization	13,621	11,466	56,170	45,387
Interest expense, net	5,897	6,717	23,601	23,920
Change in the fair value of derivative instruments	56,641	(78,028)	11,354	(55,348)
Other (income) expense	166	325	5,445	(5,138)

Project income as reported in the statement of income	(48,084)	101,707	31,472	153,982
Income from consolidated and proportionately consolidated Projects	(49,501)	96,902	28,953	133,848
Equity (loss) income from equity and costs investments	1,417	4,805	2,519	20,134

Project income as reported in the statement of income	(48,084)	101,707	31,472	153,982
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(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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