Atlantic Power Corporation

Atlantic Power Corporation Announces First Quarter 2010 Results

TORONTO, ONTARIO--(Marketwire - May 14, 2010) - Atlantic Power Corporation (TSX:ATP)(TSX:ATP.DB)(TSX:ATP.DB.A) (the "Company") today announced its results for the three months ended March 31, 2010. All amounts are in U.S. dollars unless otherwise indicated.

Highlights

-- Operating results in line with guidance
-- 89% payout ratio for first quarter 2010
-- Increased ownership in biomass power plant developer
-- Maintaining guidance to meet current level of dividends into 2015
-- NYSE dual-listing expected in second quarter of 2010

"Our results for the quarter met our expectations and are in line with our guidance for the year," commented Barry Welch, President and CEO. "We are pleased to have increased our investment in biomass power facility developer Rollcast, transactions that will further strengthen and diversify our portfolio."

Operating Performance

Adjusted EBITDA at the Projects, including earnings from equity investments, decreased by $2.3 million to $38.8 million for the quarter ended March 31, 2010 compared to $41.1 million for the same period last year. The change is in line with management's expectations and guidance. Project Adjusted EBITDA in the first quarter was affected by the following factors:

-- The absence of EBITDA at Mid Georgia and Stockton as the projects were sold in the fourth quarter of 2009;
-- The absence of EBITDA at Rumford in 2010 as the contract that provided substantially all of the project's cash flow expired in the fourth quarter 2009; and
-- Decreased 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 has a hedging strategy in place to mitigate its future exposure to changes in natural gas prices.

Cash Flow Available for Distribution

Prior to the common share conversion completed in November 2009, holders of Income Participating Securities (IPSs) received monthly cash distributions in the form of interest payments on subordinated notes and dividends on common shares. Subsequent to the conversion, holders of the Company's new common shares receive monthly cash distributions in the form of a dividend at the annual rate of Cnd$1.094, which amount is unchanged from the annual distribution rate before the conversion.

For the three months ended March 31, 2010, Cash Flow Available for Distribution decreased by $6.3 million compared to the same period last year. The decline was anticipated in management's guidance range provided for the year. The decrease is due, in part, to the changes in Project Adjusted EBITDA outlined above. In addition, non-recurring changes in working capital at both consolidated and unconsolidated affiliates benefited Cash Flow Available for Distribution in the first quarter of 2009.

Recent Developments

In March 2010, the Company invested an additional $1.2 million in Rollcast to increase its ownership interest to 55%. As a result of this additional investment, the Company has consolidated its investment in Rollcast beginning on March 1, 2010. In April 2010, Atlantic Power invested an additional $0.8 million to bring its total ownership interest to 60%. Rollcast is a developer of biomass power plants with a portfolio of over 250 MW of projects in various stages of development. During the second quarter of 2010, Rollcast executed an engagement letter and term sheet with two banks to co-arrange debt financing and also entered into a construction agreement for its first 50 MW biomass project in Barnesville, Georgia.

In April 2010, Atlantic Power filed an initial registration statement on Form 10 with the U.S. Securities and Exchange Commission. Once the registration statement becomes effective, the Company intends to list its common shares on the New York Stock Exchange, and expects the listing to be completed during the second quarter of 2010. Beginning with the first quarter of 2010, Atlantic Power is reporting under U.S. generally accepted accounting principles ("GAAP"). Amounts reported in previous periods under Canadian GAAP have been conformed to U.S. GAAP in this news release and in our Quarterly Report on Form 10-Q, which has been filed in both Canada and the U.S.

Guidance

Based on management's projections, cash on hand and projected 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 the Company's projections for the remainder of the year, it expects to receive distributions from its projects in the range of $70 million to $77 million for the full year 2010, resulting in a payout ratio estimated to be near 100%. This amount represents a decrease of approximately $23 million to $30 million compared to distributions received from the projects in 2009.

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

The 2010 reductions in project distributions have historically been included in the Company's long-term cash flow projections when it periodically confirms the ability to continue paying dividends to shareholders at current levels.

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 under 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 projects are expected to increase operating cash flow and reduce the payout ratio significantly compared to 2010 and 2011.

The calculation of Cash Flow Available for Distribution and a summary of Adjusted EBITDA by individual project for the three months ended March 31, 2010 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 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 2010;
-- The expectation that distributions from the Selkirk and Chambers Projects will resume in 2011; and
-- The timing of the Company's planned listing of its common shares on the New York Stock Exchange in the second quarter of 2010;

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 made 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 May 14, 2010.

Cash Flow Available for Distribution is not a measure recognized under Canadian-U.S. 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 three months ended March 31, 2010. 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 is an independent power producer that owns interests in a diversified fleet of power generation and transmission projects located 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.

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

	Three months ended March 31, 2010	Three months ended March 31, 2009
Cash flows from operating activities(1)	20,839	18,353
Project-level debt repayments	(2,700)	(1,306)
Interest on IPS portion of subordinated notes(2)	-	7,713
Purchases of property, plant and equipment	(319)	(622)
Cash Flow Available for Distribution(3)	17,820	24,138
Per Basic share	$ 0.30	$ 0.40
Per Diluted share	$ 0.25	$ 0.37
Interest on subordinated notes	-	7,713
Dividends on common shares	15,801	5,593
Total distributions to shareholders	15,801	13,306
Per share	$ 0.26	$ 0.22
Payout ratio	89%	55%
Expressed in Cdn$		
Cash Flow Available for Distribution	18,540	30,034
Per Basic share	$ 0.31	$ 0.49
Per Diluted share	$ 0.26	$ 0.45
Total distributions to shareholders	16,527	16,673
Per share	$ 0.27	$ 0.27

(1) Beginning in the first quarter of 2010, changes in restricted cash in the consolidated statement of cash flows has been reported as an investing activity to reflect the use of the restricted cash in the current period. In previous periods, changes in restricted cash were reported as cash flow from operating activities. The prior

period amounts have been reclassified to conform with the current year presentation. This reclassification does not impact the consolidated balance sheet or the consolidated statements of operations. We have changed the classification of restricted cash because the revised presentation is more widely used by companies in our industry.

(2) Prior to the common share conversion in November 2009, a portion of our 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 conversion, the entire monthly cash distribution is paid in the form of a dividend on our common shares

(3) 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 companies. See "Non-GAAP Financial Measures".

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

	Three months ended March 31, 2010	Three months ended March 31, 2009
Project Adjusted EBITDA(1)by individual segment		
Auburndale	9,371	8,162
Lake	7,313	7,897
Pasco	1,415	1,970
Path 15	7,053	6,902
Chambers	5,988	6,152
Total	31,140	31,083
Other Project Assets		
Mid-Georgia	-	758
Stockton	-	145
Badger Creek	736	1,220
Koma Kulshan	119	(43)
Orlando	1,801	1,840
Topsham	415	415
Delta Person	364	434
Gregory	855	1,158
Rumford	(8)	656
Selkirk	3,530	3,569
Other	(157)	(164)
Total adjusted EBITDA(1)from Other Project Assets segment	7,655	9,988
Project income		
Total adjusted EBITDA(1) from all Projects	38,795	41,071
Amortization	16,386	17,584
Interest expense, net	5,606	7,126
Change in the fair value of derivative instruments	12,692	1,733
Other (income) expense	247	94
Project income as reported in the statement of operations	3,864	14,534

(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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