

ATLANTIC POWER CORP
Form S-1
August 12, 2011

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As filed with the Securities and Exchange Commission on August 12, 2011

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ATLANTIC POWER CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

British Columbia, Canada
(State or Other Jurisdiction of
Incorporation or Organization)

4900
(Primary Standard Industrial
Classification Code Number)
200 Clarendon St., Floor 25
Boston, Massachusetts 02116
(617) 977-2400

55-0886410
(I.R.S. Employer
Identification Number)

(Address, Including Zip Code, and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

Barry E. Welch
President and Chief Executive Officer
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200 Clarendon St., Floor 25
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(617) 977-2400

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐
(Do not check if a
smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Common Shares, no par value	\$230,000,000	\$26,703

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) Includes the offering price of the common shares that may be purchased by the underwriters pursuant to their option to purchase additional common shares.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale of such securities is not permitted.

Subject to Completion
Preliminary Prospectus dated August 12, 2011

PROSPECTUS

Shares

Common Shares

We are offering _____ of our common shares, no par value per share.

Our common shares are listed on the New York Stock Exchange under the symbol "AT" and on the Toronto Stock Exchange under the symbol "ATP." On August 9, 2011, the last reported sale price of our common shares on the New York Stock Exchange and the Toronto Stock Exchange was \$14.51 and C\$14.20, respectively, per share.

Investing in our common shares involves a high degree of risk. Before buying any shares you should carefully read the discussion of material risks of investing in our common shares under the heading "Risk factors" beginning on page 19 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

This offering is made in contemplation of our acquisition of all the outstanding limited partnership interests in Capital Power Income L.P. pursuant to a plan of arrangement (the "Plan of Arrangement") under the Canada Business Corporations Act, as more fully described herein. We intend to use the net proceeds of this offering to finance a portion of the cash payable by us under the Plan of Arrangement. However, this offering is not conditioned on the completion of the Plan of Arrangement and there can be no assurance that the Plan of Arrangement will be completed. The shares offered hereby will remain outstanding whether or not the Plan of Arrangement is completed.

The underwriters may also purchase up to an additional _____ common shares from us at the public offering price, less the underwriting discounts and commissions payable by us to cover over-allotments, if any, within 30 days from the date of this prospectus.

The underwriters expect to deliver the common shares on or about _____, 2011.

Joint Book-Running Managers

TD Securities

Morgan Stanley

The date of this prospectus is _____, 2011.

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You should rely only on information contained in this document or to which we have referred you. We have not, and our underwriters have not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. If anyone provides you with different or inconsistent information, you should not rely on it. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell the securities in any jurisdiction where the offer or sale is not permitted. This document may only be used where it is legal to sell these securities.

As used in this prospectus, the terms "Atlantic Power," the "Company," "we," "our" and "us" refer to Atlantic Power Corporation, together with those entities owned or controlled by Atlantic Power Corporation, unless the context indicates otherwise. Unless otherwise noted, all references to "C\$" and "Canadian dollars" are to the lawful currency of Canada and all references to "\$," "US\$" and "U.S. dollars" are to the lawful currency of the United States. This prospectus includes our trademarks and other trade names identified herein. All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

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PROSPECTUS SUMMARY

The following summary may not contain all the information that may be important to you or that you should consider before deciding to purchase any common shares and is qualified in its entirety by the more detailed information appearing elsewhere in this prospectus. You should read the entire prospectus, especially the risks set forth under the heading "Risk factors" in this prospectus, as well as the financial and other information included or incorporated by reference herein, before making an investment decision.

Atlantic Power Corporation

Atlantic Power Corporation owns and operates a diverse fleet of power generation and infrastructure assets in the United States. Our power generation projects sell electricity to utilities and other large commercial customers under long-term power purchase agreements, which seek to minimize exposure to changes in commodity prices. Our power generation projects in operation have an aggregate gross electric generation capacity of approximately 1,948 megawatts ("MW") in which our ownership interest is approximately 871 MW. Our current portfolio consists of interests in 12 operational power generation projects across nine states, one biomass project under construction in Georgia, and a 500 kilovolt 84-mile electric transmission line located in California. We also own a majority interest in Rollcast Energy, a biomass power plant developer with several projects under development.

The following map shows the location of our currently-owned projects, including joint venture interests, across the United States:

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We sell the capacity and energy from our power generation projects under power purchase agreements (or "PPAs") with a variety of utilities and other parties. Under terms of the PPAs, which have expiration dates ranging from 2012 to 2037, we receive payments for electric energy sold to our customers (known as energy payments), in addition to payments for electric generation capacity (known as capacity payments). We also sell steam from a number of our projects under steam sales agreements to industrial purchasers. The transmission system rights (or "TSRs") we own in our power transmission project entitle us to payments indirectly from the utilities that make use of the transmission line.

Our power generation projects generally operate pursuant to long-term fuel supply agreements, typically accompanied by fuel transportation arrangements. In most cases, the fuel supply and transportation arrangements correspond to the term of the relevant PPAs and many of the PPAs and steam sales agreements provide for the indexing or pass-through of fuel costs to our customers. In cases where there is not a pass-through of fuel costs, we use a financial hedging strategy designed to mitigate the market price risk of fuel purchases.

We partner with recognized leaders in the independent power industry to operate and maintain our projects, including Caithness Energy, LLC, Power Plant Management Services, Delta Power Services and the Western Area Power Administration ("Western"). Under these operation, maintenance and management agreements, the operator is typically responsible for operations, maintenance and repair services.

Atlantic Power Corporation is organized under the laws of the Province of British Columbia. Our registered office is located at 355 Burrard Street, Suite 1900, Vancouver, British Columbia, Canada V6C 2G8 and our headquarters are located at 200 Clarendon Street, Floor 25, Boston, Massachusetts, USA 02116, telephone number (617) 977-2400. Our website is www.atlanticpower.com. Information contained on our website is not part of this prospectus.

We completed our initial public offering on the Toronto Stock Exchange ("TSX") in November 2004. At the time of our initial public offering, or IPO, our publicly traded security was an income participating security ("IPS") comprised of one common share and C\$5.767 principal value of 11% subordinated notes due 2016. On November 17, 2009, our shareholders approved a conversion from the IPS structure to a traditional common share structure. Each IPS was exchanged for one new common share and each old common share that did not form part of an IPS was exchanged for approximately 0.44 of a new common share. Our shares trade on the TSX under the symbol "ATP" and began trading on July 23, 2010 on the New York Stock Exchange ("NYSE") under the symbol "AT."

As described in further detail below, on June 20, 2011 we entered into an arrangement agreement, as amended effective July 25, 2011 (the "Arrangement Agreement"), pursuant to which we agreed to acquire all of the issued and outstanding limited partnership units of Capital Power Income L.P., a Canadian publicly-traded partnership ("CPILP"), in exchange for up to C\$506.5 million in cash and up to 31.5 million of our common shares. CPILP's current portfolio consists of 19 wholly-owned power generation assets located in both Canada and the United States, a 50.15% interest in a power generation asset in Washington State, and a 14.3% common equity interest in Primary Energy Recycling Holdings LLC. CPILP's assets have a total net generating capacity of 1,400 MW and more than four million pounds per hour of thermal energy. In addition, pursuant to the Plan of Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power Corporation, a publicly-traded Canadian company, for approximately C\$121.4 million. We cannot be certain that our acquisition of CPILP will be completed. See "Risks Related to the Plan of Arrangement."

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Our Competitive Strengths

We believe we distinguish ourselves from other independent power producers through the following competitive strengths:

Access to capital. Our shares are publicly traded on the NYSE and the TSX. We have a history of successfully raising public equity in Canada and the U.S. and public convertible debentures in Canada. We have also issued securities by way of private placement in Canada. In addition, we have used non-recourse project-level financing as a source of capital. Project-level financing can be attractive as it typically has a lower cost than equity, is non-recourse to the company and amortizes over the term of the project's power purchase agreement. Having significant experience in accessing all of these markets provides flexibility such that we can pursue transactions in the most cost-effective market at the time capital is needed for growth opportunities.

Experienced management team. Our management team has a tremendous depth of experience in project development, asset management, mergers and acquisitions, finance and accounting. Our network of industry contacts and our reputation allow us to see proprietary acquisition opportunities on a regular basis.

Diversified projects. Our power generation projects have an aggregate gross electric generation capacity of approximately 1,948 MW, and our net ownership interest in the electric generation capacity of these projects is approximately 871 MW. These projects are diversified by fuel type, electricity and steam customers, and project operators. Many are located in the deregulated and more liquid electricity markets of California, Mid-Atlantic, New York, and Texas.

Our power transmission project, known as the Path 15 project, is an 84-mile, 500-kilovolt transmission line built in order to alleviate north-south transmission congestion in California. It is a traditional rate-base asset whose revenues are regulated by the Federal Energy Regulatory Commission ("FERC") and is owned and operated by the Western, a U.S. Federal power agency. We also have a 53 MW biomass project under construction in Georgia.

Stability of project cash flow. Each of our power generation projects currently in operation has been in operation for over ten years, except for the Idaho Wind Power project, portions of which commenced commercial operation in December 2010. Cash flows from each project are generally supported by PPAs with investment-grade utilities and other creditworthy counterparties. We believe that each project's combination of PPAs, fuel supply agreements and/or commodity hedges help stabilize operating margins as fuel prices fluctuate.

Strong customer base. Our customers are generally large utilities and other parties with investment-grade credit ratings. The largest customers of our power generation projects are Progress Energy Florida, Inc. ("PEF"), Tampa Electric Company ("TECO"), and Atlantic City Electric ("ACE"), which purchase approximately 37%, 14% and 10%, respectively, of the net electric generation capacity of our projects. No other electric customer purchases more than 7% of the net electric generation capacity of our power generation projects.

Leading third-party operators. Our power generation projects utilize experienced firms for their operation and maintenance, which are recognized leaders in independent power. Affiliates of Caithness Energy, LLC, Power Plant Management Services and Babcock and Wilcox Power Generation Group, Inc. operate projects representing approximately 45%, 19% and 12%, respectively, of the net electric generation capacity of our power generation projects. No other operator is responsible for the operation of projects representing more than 7% of the net electric generation capacity of our power generation projects.

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Our Objectives and Business Strategies

Our objectives include maintaining the stability and sustainability of dividends to shareholders and maximizing the value of our company. In order to achieve these objectives, we intend to focus on enhancing the operating and financial performance of our current projects and pursuing additional accretive acquisitions primarily in the electric power industry in the United States and Canada.

Organic growth

We intend to enhance the operation and financial performance of our projects through:

achievement of improved operating efficiencies, output, reliability and operation and maintenance costs through the upgrade or enhancement of existing equipment or plant configurations;

optimization of commercial arrangements such as PPAs, fuel supply and transportation contracts, steam sales agreements, operations and maintenance agreements and hedge agreements; and

expansion of existing projects.

Extending PPAs following their expiration

PPAs in our portfolio have expiration dates ranging from 2012 to 2037. In each case, we plan for expirations by evaluating various options in the market for maximizing long-term project cash flows and passing through to purchasers as effectively as possible the potential changes in fuel costs. New arrangements may involve responses to utility solicitations for capacity and energy, direct negotiations with the original purchasing utility for PPA extensions, "reverse" request for proposals by the projects to likely bilateral counterparty arrangements with creditworthy energy trading firms for tolling agreements, full service PPAs or the use of derivatives to lock in value. We do not assume that revenues or operating margins under existing PPAs will necessarily be sustained after PPA expirations, since most original PPAs included capacity payments related to return of and return on original capital invested, and counterparties or evolving regional electricity markets may or may not provide similar payments under new or extended PPAs.

Acquisition and investment strategy

We believe that new electricity generation projects will be required in the United States and Canada over the next several years as a result of growth in electricity demand, transmission constraints and the retirement of older generation projects due to obsolescence or environmental concerns. In addition, Renewable Portfolio Standards in over 31 states and the recently extended American Recovery and Reinvestment Act's 1603 grant program have greatly facilitated strong PPAs and financial returns for significant renewable project opportunities. There is also a very active secondary market for existing projects.

We intend to expand our operations by making accretive acquisitions with a focus on power generation, transmission, distribution and related facilities in the United States and Canada. We may also invest in other forms of energy-related projects, utility projects and infrastructure projects, as well as make additional investments in development stage projects or companies where the prospects for creating long-term predictable cash flows are attractive. Since the time of our initial public offering on the TSX in late 2004, we have twice acquired the interest of another partner in one of our existing projects and will continue to look for such opportunities.

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Our senior management has significant experience in the independent power industry and we believe that their experience, reputation and industry relationships will provide us with enhanced access to future acquisition opportunities on a proprietary basis.

Acquisition guidelines

We use the following general guidelines when reviewing and evaluating possible acquisitions:

each acquisition or investment should result in an increase in cash available for distribution to shareholders;

in the case of an acquisition of power generation facilities, facilities with long-term PPAs with investment grade electrical utilities or other creditworthy customers will be preferred; and, for facilities without such agreements, market electricity price assumptions used in acquisition evaluations will be obtained from a recognized independent source; and

the expected useful life of the facility and associated structures will, with regular maintenance, be long enough to conform with our objective of providing stable long-term dividends to shareholders.

Acquisition of Capital Power Income L.P.

The Arrangement Agreement and Plan of Arrangement

On June 20, 2011, we entered into an Arrangement Agreement, as amended effective July 25, 2011, with Capital Power Income L.P. ("CPILP"), a publicly traded Canadian limited partnership, CPILP's general partner and a related entity. The Arrangement Agreement provides that we will acquire, directly or indirectly, all of the issued and outstanding CPILP units pursuant to a plan of arrangement under the Canada Business Corporation Act (the "Plan of Arrangement"). Under the terms of the Plan of Arrangement, CPILP unitholders will be permitted to exchange each of their CPILP units for, at their election, C\$19.40 in cash or 1.3 Atlantic Power common shares. All cash elections will be subject to proration if total cash elections exceed approximately C\$506.5 million and all share elections will be subject to proration if total share elections exceed approximately 31.5 million Atlantic Power common shares.

CPILP's primary business is the ownership and operation of power plants in Canada and the United States, which generate electricity and steam, from which it derives its earnings and cash flows. The power plants generate electricity and steam from a combination of natural gas, waste heat, wood waste, water flow, coal and tire-derived fuel. CPILP's generation projects sell electricity to utilities and other large commercial customers under long-term PPAs, which seek to minimize exposure to changes in commodity prices. At present, CPILP's portfolio consists of 19 wholly-owned power generation assets located in both Canada (in the provinces of British Columbia and Ontario) and the United States (in the states of California, Colorado, Illinois, New Jersey, New York and North Carolina), a 50.15% interest in a power generation asset in Washington State, and a 14.3% common equity interest in Primary Energy Recycling Holdings LLC. CPILP's assets have a total net generating capacity of 1,400 MW and more than four million pounds per hour of thermal energy. The CPILP units trade on the TSX under the symbol "CPA.UN."

Pursuant to the Plan of Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power Corporation, a publicly-traded Canadian company, for approximately C\$121.4 million. Additionally, in connection with the Plan of Arrangement, the management agreements between certain subsidiaries of Capital Power Corporation and CPILP and certain of its subsidiaries will be terminated (or assigned) in consideration of a payment of C\$10.0 million. Atlantic Power or its subsidiaries will assume the management of CPILP and intends to enter into a transitional services agreement with Capital Power Corporation for a term of up to

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12 months following the completion of the Plan of Arrangement, which will facilitate the integration of CPILP into Atlantic Power.

The Arrangement Agreement contains customary representations, warranties and covenants. Among these covenants, CPILP and its affiliates have each agreed not to solicit alternative transactions, except that CPILP may respond to an alternative transaction proposal that constitutes, or would reasonably be expected to lead to, a superior proposal. In addition, we or CPILP may be required to pay a C\$35.0 million fee if the Arrangement Agreement is terminated in certain circumstances.

We currently expect to complete the Plan of Arrangement in the fourth quarter of 2011, subject to receipt of required shareholder/unitholder, court and regulatory approvals and the satisfaction or waiver of the financing and other conditions contained in the Arrangement Agreement. However, we cannot be certain that the Plan of Arrangement will be completed. The shares offered hereby will remain outstanding whether or not the Plan of Arrangement is completed. See "Risks Related to the Plan of Arrangement."

A copy of the Arrangement Agreement, including the Plan of Arrangement, is included as an exhibit to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2011, which is incorporated by reference into this prospectus. The foregoing description of the proposed transaction and the Arrangement Agreement does not purport to be complete and is qualified in its entirety by reference to such exhibit.

Reasons for the Arrangement Agreement and Plan of Arrangement

Our Board of Directors believes that the combination of Atlantic Power and CPILP, if completed, will result in significant strategic benefits to our combined company. These strategic benefits include:

Atlantic Power will become a leading publicly-traded power generation and infrastructure company, with a larger and more diversified portfolio of contracted power generation assets in the United States and Canada;

the transaction will combine Atlantic Power's proven management team with CPILP's highly qualified operations, maintenance, commercial management, accounting, human resources, legal and other personnel;

Atlantic Power's market capitalization and enterprise value are expected to increase significantly, which is expected to add liquidity and enhance access to capital to fuel the long term growth of Atlantic Power's asset base throughout North America;

the combination will expand and diversify Atlantic Power's asset portfolio to include projects in Canada and regions of the United States where we do not currently have a presence; and

the transaction will further diversify the fuel types used by Atlantic Power's projects to include additional hydro, biomass and natural gas.

Our Board of Directors also believes that the combination of Atlantic Power and CPILP, if completed, will result in significant financial benefits to Atlantic Power's shareholders. These financial benefits include:

upon completion of the Plan of Arrangement, our Board of Directors anticipates being able to increase dividends by 5%, from C\$1.094 to C\$1.15 per share on an annual basis;

the transaction is expected to strengthen Atlantic Power's dividend sustainability for the foreseeable future with immediate accretion to cash available for distribution;

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the transaction is expected to result in a significant improvement in Atlantic Power's dividend payout ratio starting in 2012;

the transaction extends Atlantic Power's average PPA term from 8.8 to 9.1 years and enhances the credit quality of Atlantic Power's power offtakers; and

following completion of the Plan of Arrangement, we expect to benefit from cost savings attributable to synergies from combining the two entities and eliminating the public company reporting costs for CPILP.

Financing transactions

We intend to use the net proceeds from this offering to pay a portion of the cash consideration required under the Plan of Arrangement and related fees and expenses. We plan to fund the remainder of the cash consideration payable by us under the Plan of Arrangement, including related fees and expenses, with the net proceeds from a senior unsecured notes offering and/or drawings under a \$625 million senior secured credit facility, each as described below.

Under a separate offering memorandum, we may offer \$ million of our senior unsecured notes due , pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). The completion of this offering of common shares is not subject to the completion of an offering of senior unsecured notes and the completion of an offering of senior unsecured notes will not be subject to the completion of this offering. No assurance can be given that a notes offering will be commenced or completed or, if completed, as to the final terms of the notes offering.

We do not intend to register any notes offering under the Securities Act or the securities laws of any other jurisdiction, and notes may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any such notes will be offered only to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. This description and other information regarding a notes offering is included in this prospectus solely for information purposes. Nothing in this prospectus should be construed as an offer to sell, or the solicitation of an offer to buy, any notes.

We have received the written commitment of a Canadian chartered bank and another financial institution to structure, arrange, underwrite and syndicate a senior secured credit facility in the amount of \$625 million in order to finance the cash consideration payable by us under the Plan of Arrangement. Funding under this facility is subject to certain conditions, including, without limitation, that there shall not have occurred a material adverse effect with respect to Atlantic Power, CPILP, CPI Services Ltd. and CPI Investments Inc. taken as a whole.

The combined company

As a result of the Plan of Arrangement, if completed, we will emerge as a leading publicly traded, power generation and infrastructure company with a well diversified portfolio of assets in the United States and Canada. The transaction will increase the net generating capacity of our projects by 143% from 871 MW to approximately 2,116 MW. The combined portfolio of assets will consist of interests in 30 operational power generation projects across 11 states and two provinces, one 53 MW biomass project under construction in Georgia, and an 84-mile, 500 kilovolt electric transmission line located in California. We will remain headquartered in Boston and will add offices in Chicago, Toronto, ON and Richmond, B.C. We expect to add personnel from Capital Power Corporation who have a strong track record of managing, operating and maintaining CPILP's assets, allowing us to have direct

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control across the vast majority of the CPILP portfolio by taking advantage of the valuable expertise of this new personnel.

The following map is a pro forma company structure showing the location of our projects following the Plan of Arrangement, if completed:

The following charts show the pro forma fuel type and geographic diversification of the combined company following completion of the Plan of Arrangement:

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The following chart shows the Standard & Poor's credit rating of the electricity purchasers, or "off takers," of the combined company following the completion of the Plan of Arrangement:

As a result of the Plan of Arrangement, if completed, we believe our larger size and broader-based ownership will improve our access to capital and facilitate the pursuit of sustained growth initiatives. Following completion of the Plan of Arrangement, Atlantic Power will be the second largest publicly listed power infrastructure company by enterprise value on the TSX.

*

Source: Bloomberg as of August 11, 2011

Power Industry Overview

Historically, the North American electricity industry was characterized by vertically-integrated monopolies. The trend towards restructuring the electric power industry and the introduction of competition in electricity generation began with the passage and implementation of the Public Utility Regulatory Policies Act of 1978. During the late 1980s, several jurisdictions began a process of restructuring by moving away from vertically integrated monopolies toward more competitive market models. Rapid growth in electricity demand, environmental concerns, increasing electricity rates, technological advances and other concerns prompted government policies to encourage the supply of electricity from independent power producers.

In the independent power generation sector, electricity is generated from a number of energy sources, including natural gas, coal, water, waste products such as biomass (e.g., wood, wood waste, agricultural waste), landfill gas, geothermal, solar and wind. According to the North American Electric Reliability Council's Long-Term Reliability Assessment, published in December 2009, summer peak demand within the United States in the ten-year period from 2010 through 2019 is projected to increase 1.3%, while winter peak demand in Canada is projected to increase 0.9%.

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The non-utility power generation industry in the U.S.

Our 12 power generation projects are non-utility electric generating facilities that operate in the U.S. electric power generation industry. The electric power industry is one of the largest industries in the United States, generating retail electricity sales of approximately \$353 billion in 2009, based on information published by the Energy Information Administration. A growing portion of the power produced in the United States is generated by non-utility generators. According to the Energy Information Administration, there were approximately 8,448 non-utility generators representing approximately 475 gigawatts of capacity (equal to 47% of total generating plants and 42% of nameplate capacity) in 2009, the most recent year for which data is available. Non-utility generators sell the electricity that they generate to electric utilities and other load-serving entities (such as municipalities and electric cooperatives) by way of bilateral contracts or open power exchanges. The electric utilities and other load-serving entities, in turn, generally sell this electricity to industrial, commercial and residential customers.

The power generation industry in Canada

In its 2009 outlook of Canada's energy supply, the National Energy Board of Canada ("NEB") forecast Canadian electricity production to grow at a compound average annual rate of over 1% between 2011 and 2020. The combined effect of demand growth and facility retirements is expected to result in a need for new generation in the coming years. The British Columbia and Ontario markets remain price regulated, and provincial regulatory bodies have continued to issue requests for proposals or other procurements for the development of new generation.

A major trend identified by the NEB is a push towards reducing green house gas emissions. This includes energy efficiency initiatives, as well as emphasizing clean energy alternatives such as natural gas, hydro, biomass, wind, solar, nuclear and coal with carbon capture and storage technologies. Natural gas will continue to be relied upon to meet increased electricity demand. Natural gas-fired generation capacity is forecast to increase by 8,146 MW by 2020 in Canada, particularly in Ontario where 3,917 MW of combined-cycle gas and 1,337 MW of combustion turbine/cogeneration facilities will be relied on to help meet demand following the phase-out of coal-fired generation by 2014. Hydroelectric capacity is also expected to continue to be the major source of electricity with hydroelectric-based capacity projected to increase from 72,853 MW in 2008 to 80,604 MW by 2020. Extensive development of new hydro projects are expected in British Columbia, Quebec, Newfoundland and Labrador.

In addition, installed unconventional emerging technology generation continues to remain small however are expected to become a major source of generation capacity in the future. The NEB's outlook incorporates increased provincial renewable targets reflecting both increased public interest in clean sources of electricity and greater confidence on the part of system operators with their ability to integrate wind power into electric systems. Wind power is experiencing exceptionally strong growth with generation capacity projected to grow from 2,369 MW in 2008 to 16,400 MW by 2020. While wind power generation is expected to contribute the most, other generation technologies such as biomass, landfill gas, waste heat, solar and tidal are expected to contribute 3,750 MW by 2020.

Table of Contents**Our Power Projects**

The following table outlines our portfolio of power generating and transmission assets in operation and under construction as of August 10, 2011, including our interest in each facility. Management believes the portfolio is well diversified in terms of electricity and steam buyers, fuel type, regulatory jurisdictions and regional power pools, thereby partially mitigating exposure to market, regulatory or environmental conditions specific to any single region.

Project Name	Location (State)	Type	Total MW	Economic Interest ⁽¹⁾	Net MW ⁽²⁾	Electricity Purchaser	Power Contract Expiry	Customer S&P Credit Rating
Auburndale	Florida	Natural Gas	155	100.00%	155	Progress Energy Florida	2013	BBB+
Lake	Florida	Natural Gas	121	100.00%	121	Progress Energy Florida	2013	BBB+
Pasco	Florida	Natural Gas	121	100.00%	121	Tampa Electric Co.	2018	BBB+
Chambers	New Jersey	Coal	262	40.00%	89	ACE ⁽³⁾	2024	BBB+
					16	DuPont	2024	A
Path 15	California	Transmission	N/A	100.00%	N/A	California Utilities via CAISO ⁽⁴⁾	N/A ⁽⁵⁾	BBB+ to A ⁽⁶⁾
Orlando	Florida	Natural Gas	129	50.00%	46	Progress Energy Florida	2023	BBB+
					19	Reedy Creek Improvement District	2013 ⁽⁷⁾	A1 ⁽⁸⁾
Selkirk	New York	Natural Gas	345	17.70% ⁽⁹⁾	15	Merchant Consolidated Edison	N/A	N/R
					49		2014	A-
Gregory	Texas	Natural Gas	400	17.10%	59	Fortis Energy Marketing and Trading	2013	AA
					9	Sherwin Alumina	2020	NR
Badger Creek	California	Natural Gas	46	50.00%	23	Pacific Gas & Electric	2012 ⁽¹⁰⁾	BBB+
Koma Kulshan	Washington	Hydro	13	49.80%	6	Puget Sound Energy	2037	BBB
Delta-Person	New Mexico	Natural Gas	132	40.00%	53	PNM	2020	BB-
Cadillac	Michigan	Biomass	40	100.00%	40	Consumers Energy	2028	BBB-
Idaho Wind	Idaho	Wind	183	27.56%	50	Idaho Power Co.	2030	BBB
Piedmont⁽¹¹⁾	Georgia	Biomass	54	98.00%	53	Georgia Power	2032	A

(1) Except as otherwise noted, economic interest represents the percentage ownership interest in the project held indirectly by Atlantic Power.

(2) Represents our interest in each project's electric generation capacity based on our economic interest.

(3) Includes a separate power sales agreement in which the project and Atlantic City Electric ("ACE") share profits on spot sales of energy and capacity not purchased by ACE under the base PPA.

(4) California utilities pay transmission access charges to the California Independent System Operator, who then pays owners of Transmission system rights, such as Path 15, in accordance with its annual revenue requirement approved every three years by the Federal Energy Regulatory Commission ("FERC").

(5) Path 15 is a FERC regulated asset with a FERC-approved regulatory life of 30 years: through 2034.

(6) Largest payers of transmission access charges supporting Path 15's annual revenue requirement are Pacific Gas & Electric (BBB+), Southern California Edison (BBB+) and San Diego Gas & Electric (A). The California Independent System Operator imposes minimum credit quality requirements for any

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participants rated A or better unless collateral is posted per the California Independent System Operator imposed schedule.

- (7) Upon the expiry of the Reedy Creek PPA, the associated capacity and energy will be sold to PEF under the terms of the current agreement.
- (8) Fitch rating on Reedy Creek Improvement District bonds.
- (9) Represents our residual interest in the project after all priority distributions are paid to us and the other partners, which is estimated to occur in 2012.
- (10) Entered into a one-year interim agreement in April 2011.
- (11) Project currently under construction and is expected to be completed in late 2012.

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CPILP's Power Projects

CPILP's power projects generate electricity and steam from a combination of natural gas, waste heat, wood waste, water flow, coal and tire-derived fuel. CPILP's Canadian operations consist of:

four natural gas-fired plants with a combined generating capacity of 163 MW;

two biomass, wood waste plants with a combined generating capacity of 101 MW; and

two hydroelectric facilities with a combined generating capacity of 56 MW.

CPILP's United States operations consist of:

two natural gas-fired plants with a combined generating capacity of 425 MW;

seven natural gas-fired CHP plants, three of which can also use distillate fuel, with a combined generating capacity of 440 MW and steam generating capacity of 2,537 mlbs/hr;

two wood waste, tire-derived fuel and coal CHP plants with a maximum combined generating capacity of 155 MW and steam generating capacity of 1,620 mlbs/hr; and

a hydroelectric plant with a total generating capacity of 60 MW.

Pursuant to the Plan of Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power Corporation, a publicly-traded Canadian company, for approximately C\$121.4 million.

The following tables summarize each of CPILP's power plants in each of Canada and the United States, and their respective operating characteristics (other than the Roxboro and Southport facilities):

Project Name	Location	Type	Total MW	Economic Interest	Electric Purchaser	Power Contract Expiry	Customer S&P Credit Rating
Calstock	Ontario	Biomass	40	100%	Ontario Electricity Financial Corp	2020	AA
Kapuskasing	Ontario	Natural Gas	62	100%	Ontario Electricity Financial Corp	2017	AA
Nipigon	Ontario	Natural Gas	44	100%	Ontario Electricity Financial Corporation	2012 ⁽¹⁾	AA
North Bay	Ontario	Natural Gas	64	100%	Ontario Electricity Financial Corporation	2017	AA
Tunis	Ontario	Natural Gas	69	100%	Ontario Electricity Financial Corporation	2014	AA
Mamquam	British Columbia	Hydro	52	100%	British Columbia Hydro and Power Authority	2027 ⁽²⁾	AA
Moresby Lake	British Columbia	Hydro	6	100%	British Columbia Hydro and Power Authority	2022	AA
Williams Lake	British Columbia	Biomass	68	100%	British Columbia Hydro and Power Authority	2018	AA
Frederickson	Washington	Natural Gas	249	50% ⁽³⁾	3 Public Utility Districts (PUDs) ⁽⁴⁾	2022	A

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Greeley	Colorado	Natural Gas	101	100%	Public Service Company of Colorado	2013	BBB+
Manchief	Colorado	Natural Gas	301	100%	Public Service Company of Colorado	2022 ⁽⁵⁾	BBB+
Naval Station	California	Natural Gas	54	100%	San Diego Gas & Electric	2019	A+
Naval Training Centre	California	Natural Gas	28	100%	San Diego & Electric	2019	A+
North Island	California	Natural Gas	51	100%	San Diego & Electric	2019	A+
Oxnard	California	Natural Gas	49	100%	Southern California Edison	2020	BBB+
Curtis Palmer	New York	Hydro	60	100%	Niagara Mohawk	2027	A-
Kenilworth	New Jersey	Natural Gas	30	100%	Schering	2012	A-
Morris	Illinois	Natural Gas	177	100%	Exelon	2011	BBB
					Equistar	2023	B+

-
- (1) CPILP has the option to extend the PPA for ten years at existing terms.
 - (2) BCH has an option exercisable in 2021 and every five years thereafter to buy the Mamquam facility or extend the contract.
 - (3) Represents CPILP's 50.15% ownership interest in Frederickson. Puget Sound Energy, Inc. owns the remaining 49.85% ownership interest.
 - (4) Public Utility Districts are: Benton, Franklin and Grays Harbor.
 - (5) PSCo has an option during the latter part of the extension term to purchase the Manchief facility.

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The Offering

Issuer	Atlantic Power Corporation, a British Columbia corporation.
Common shares to be offered by us	shares.
Common shares to cover over-allotments	We have granted the underwriters an option to purchase up to additional common shares to cover over-allotments.
Common shares to be outstanding after this offering	shares (or shares if the underwriters exercise their over-allotment option in full), including the approximately 31.5 million common shares we expect to issue in exchange for CPILP units in connection with the Plan of Arrangement.
Risk factors	Prospective purchasers should carefully review and evaluate certain risk factors relating to an investment in the common shares and risks related to the Plan of Arrangement. See "Risk factors."
United States and Canadian federal income tax considerations	You should consult your tax advisor with respect to the U.S. and Canadian federal income tax consequences of owning the common shares in light of your own particular situation and with respect to any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. See "Certain United States federal income tax considerations" and "Certain Canadian federal income tax considerations."
Use of Proceeds	We expect to receive net proceeds from this offering of approximately \$ million after deducting the underwriting discount and our estimated expenses (or approximately \$ million if the underwriters exercise their option to purchase additional shares in full). We intend to use the net proceeds from this offering to fund a portion of the cash consideration payable by us under the Plan of Arrangement and, to the extent that any proceeds remain thereafter, or the Plan of Arrangement is not completed, to fund additional growth opportunities and for general corporate purposes. This offering is not conditioned on the completion of the Plan of Arrangement and there can be no assurance that the Plan of Arrangement will be completed. The shares offered hereby will remain outstanding whether or not the Plan of Arrangement is completed. See "Use of Proceeds."
Listing	Our outstanding common shares are listed on the TSX under the symbol "ATP" and on the New York Stock Exchange under the symbol "AT".

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The number of common shares to be outstanding after this offering is based upon 68,964,741 shares outstanding as of August 9, 2011, in addition to the approximately 31.5 million common shares we expect to issue in exchange for CPILP units in connection with the Plan of Arrangement. The number of common shares to be outstanding after this offering does not include:

409,295 unvested notional units granted under the terms of our Long Term Incentive Plan; and

13,988,183 shares issuable upon conversion, redemption, purchase for cancellation or maturity of our outstanding convertible debentures.

Table of Contents**Summary Historical Consolidated Financial Data of Atlantic Power**

The following table presents summary consolidated financial information for Atlantic Power. The annual historical information as of, and for the years ended, December 31, 2010, 2009 and 2008 has been derived from the audited consolidated financial statements appearing in Atlantic Power's Annual Report on Form 10-K for the year ended December 31, 2010, incorporated by reference into this prospectus. The annual historical information as of, and for the years ended, December 31, 2007 and 2006 has been derived from historical financial statements not incorporated by reference into this prospectus. The historical information as of, and for the three-month periods ended, March 31, 2011 and 2010 has been derived from the unaudited consolidated financial statements appearing in Atlantic Power's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, incorporated by reference into this prospectus. Data for all periods have been prepared under U.S. GAAP. You should read the following selected consolidated financial data together with Atlantic Power's consolidated financial statements and the notes thereto and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as part of Atlantic Power's Annual Report on Form 10-K for the year ended December 31, 2010 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, each of which is incorporated by reference into this prospectus. See "Where you can find more information" beginning on page 85 of this prospectus.

(in thousands of US dollars, except as otherwise stated)	Year Ended December 31,					Three months ended March 31,	
	2010	2009	2008	2007	2006 ^(a)	2011 ^(a)	2010 ^(a)
Project revenue	\$ 195,256	\$ 179,517	\$ 173,812	\$ 113,257	\$ 69,374	\$ 53,665	\$ 47,221
Project income	41,879	48,415	41,006	70,118	57,247	14,869	3,864
Net (loss) income attributable to Atlantic Power Corporation	(3,752)	(38,486)	48,101	(30,596)	(2,408)	6,136	(6,063)
Basic earnings (loss) per share	\$ (0.06)	\$ (0.63)	\$ 0.78	\$ (0.50)	\$ (0.05)	\$ 0.09	\$ (0.10)
Basic earnings (loss) per share, C\$ ^(b)	\$ (0.06)	\$ (0.72)	\$ 0.84	\$ (0.53)	\$ (0.06)	\$ 0.09	\$ (0.10)
Diluted earnings (loss) per share ^(c)	\$ (0.06)	\$ (0.63)	\$ 0.73	\$ (0.50)	\$ (0.05)	\$ 0.09	\$ (0.10)
Diluted earnings (loss) per share, C\$ ^{(b)(c)}	\$ (0.06)	\$ (0.72)	\$ 0.78	\$ (0.53)	\$ (0.06)	\$ 0.09	\$ (0.10)
Distribution declared per subordinated note ^(d)	\$	\$ 0.51	\$ 0.60	\$ 0.59	\$ 0.57	\$	\$
Dividend declared per common share	\$ 1.06	\$ 0.46	\$ 0.40	\$ 0.40	\$ 0.37	\$ 0.28	\$ 0.26
Total assets	\$ 1,013,012	\$ 869,576	\$ 907,995	\$ 880,751	\$ 965,121	\$ 1,007,801	\$ 876,677
Total long-term liabilities	\$ 518,273	\$ 402,212	\$ 654,499	\$ 715,923	\$ 613,423	\$ 504,492	\$ 421,133

(a) Unaudited.

(b) The C\$ amounts were converted using the average exchange rates for the applicable reporting periods.

(c) Diluted earnings (loss) per share is computed including dilutive potential shares, which include those issuable upon conversion of convertible debentures and under our long term incentive plan. Because we reported a loss during the years ended December 31, 2010, 2009, 2007 and 2006, and for the three-month period ended March 31, 2010, the effect of including potentially dilutive shares in the calculation during those periods is anti-dilutive. Please see the notes to our historical consolidated financial statements incorporated by reference into this prospectus for information relating to the number of shares used in calculating basic and diluted earnings per share for the periods presented.

(d) At the time of our initial public offering, our publicly traded security was an income participating security, or an "IPS," each of which was comprised of one common share and C\$5.767 principal amount of 11% subordinated notes due 2016. On November 27, 2009, we converted from the IPS structure to a traditional common share structure. In connection with the conversion, each IPS was exchanged for one new common share.

Table of Contents**Summary Historical Consolidated Financial Information of CPILP**

The following table presents summary consolidated financial information for CPILP. The selected historical financial data as of, and for the years ended, December 31, 2010, 2009 and 2008 has been derived from CPILP's audited consolidated financial statements for those periods appearing elsewhere in this prospectus. The selected historical financial data as of, and for the years ended, December 31, 2007 and 2006 has been derived from the audited consolidated financial statements of CPILP not appearing in this prospectus. The selected historical financial data as of, and for the three-month periods ended, March 31, 2011 and 2010 has been derived from CPILP's unaudited consolidated financial statements for those periods appearing elsewhere in this prospectus.

Data for all periods presented below have been prepared under Canadian generally accepted accounting principles and are reported in Canadian dollars. You should read the following selected consolidated financial data together with CPILP's consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Year Ended December 31,					Three months ended March 31,	
(in thousands of Canadian dollars, except as otherwise stated)	2010	2009	2008	2007	2006	2011 ^{(a)(b)}	2010 ^(a)
Revenue	\$ 532,377	\$ 586,491	\$ 499,267	\$ 549,872	\$ 326,900	\$ 131,233	\$ 144,157
Depreciation, amortization and accretion	\$ 98,227	\$ 93,249	\$ 88,313	\$ 85,553	\$ 65,200	\$ 23,026	\$ 23,516
Financial charges and other, net	\$ 40,179	\$ 46,462	\$ 94,836	\$ 8,574	\$ 42,200	\$ 10,810	\$ 11,010
Net income before tax and preferred share Dividends	\$ 35,224	\$ 56,812	\$ (91,918)	\$ 108,953	\$ 67,400	\$ 12,078	\$ 12,372
Net income (loss) attributable to equity holders of CPILP	\$ 30,500	\$ 57,553	\$ (67,893)	\$ 30,816	\$ 62,121	\$ 8,411	\$ 14,329
Basic and diluted earning (loss) per unit, C\$	\$ 0.55	\$ 1.07	\$ (1.26)	\$ 0.59	\$ 1.28	\$ 0.15	\$ 0.26
Distributions declared per unit, C\$	\$ 1.76	\$ 1.95	\$ 2.52	\$ 2.52	\$ 2.52	\$ 0.44	\$ 0.44
Total assets	\$ 1,583,910	\$ 1,668,057	\$ 1,809,225	\$ 1,852,573	\$ 1,883,400	\$ 1,468,500	\$ 1,618,408
Total long-term liabilities	\$ 874,190	\$ 853,314	\$ 935,248	\$ 730,940	\$ 757,800	\$ 809,087	\$ 846,508
Operating margin	\$ 187,567	\$ 211,680	\$ 111,446	\$ 216,188	\$ 185,900	\$ 50,104	\$ 50,855

(a) Unaudited.

(b) Results for 2011 have been prepared using International Financial Reporting Standards.

Under U.S. GAAP, the following differences are noted:

	Years Ended December 31,	
(in thousands of Canadian dollars, except as otherwise stated)	2010	2009
Revenue	\$ 532,377	\$ 586,491
Depreciation, amortization and accretion	\$ 98,277	\$ 93,249
Financial charges and other, net	\$ 40,129	\$ 46,462
Net income before tax and preferred share dividends	\$ 39,179	\$ 54,753
Net income (loss) attributable to equity holders of CPILP	\$ 34,455	\$ 55,529
Basic and diluted earning (loss) per unit, C\$	\$ 0.63	\$ 1.03
Distributions declared per unit, C\$	\$ 1.76	\$ 1.95
Total assets	\$ 1,588,352	\$ 1,673,059
Total long-term liabilities	\$ 878,632	\$ 858,317
Operating margin	\$ 191,530	\$ 209,621

Table of Contents**Summary Unaudited Pro Forma Condensed Combined Consolidated Financial Information**

The following table sets forth selected information about the pro forma financial condition and results of operations, including per share data, of Atlantic Power after giving effect to the completion of the Plan of Arrangement with CPILP. The table sets forth selected unaudited pro forma condensed combined consolidated statements of operations for the three months ended March 31, 2011 and the year ended December 31, 2010, as if the Plan of Arrangement had been completed on January 1, 2010, and the selected unaudited pro forma condensed combined consolidated balance sheet data as of March 31, 2011, as if the Plan of Arrangement had been completed on that date. The information presented below was derived from Atlantic Power's and CPILP's consolidated historical financial statements, and should be read in conjunction with these financial statements and the notes thereto, included elsewhere or incorporated by reference into this prospectus and the other unaudited pro forma financial data, including related notes, included elsewhere in this prospectus. CPILP's historical consolidated financial statements have been prepared in accordance with Canadian GAAP and include a discussion of the significant differences between Canadian GAAP and U.S. GAAP in Note 27 to the CPILP audited consolidated financial statements for the year ended December 31, 2010. For purposes of the unaudited pro forma condensed combined financial data, CPILP's balance sheet financial data has been translated from Canadian Dollars into U.S. Dollars using a C\$/\\$ exchange rate of C\\$0.9718 to \\$1.00 and is presented in accordance with U.S. GAAP. CPILP's statement of operations financial data has been translated from Canadian dollars into U.S. dollars using an average C\$/\\$ exchange rate of C\\$0.9855 to \\$1.00 and C\\$1.0295 to \\$1.00 for the three months ended March 31, 2011 and the year ended December 31, 2010, respectively, and is presented in accordance with U.S. GAAP.

The unaudited pro forma financial data is based on estimates and assumptions that are preliminary and does not purport to represent the financial position or results of operations that would actually have occurred had the Plan of Arrangement been completed as of the dates or at the beginning of the periods presented or what the combined company's results will be for any future date or any future period. See the sections entitled "Cautionary statements regarding forward-looking statements" and "Risk factors."

	Three Months Ended March 31, 2011		Year Ended December 31, 2010
	(in thousands of U.S. dollars, except per share data)		
Combined consolidated statement of operations information			
Project revenues	\$	173,124	\$ 669,985
Project income		34,038	91,687
Net income		11,869	11,135
Non-controlling interest		3,425	13,597
Net income (loss) attributable to Atlantic Power Corporation		8,444	(2,462) ⁽¹⁾
Earnings per share			
Basic	\$	0.08	\$ (0.02)
Diluted	\$	0.08	\$ (0.02)
Weighted average shares outstanding			
Basic		112,295	106,347
Diluted		112,812	106,347

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	As of March 31, 2011 (in thousands of U.S. dollars)
Balance sheet information	
Cash and cash equivalents	\$ 116,322
Total assets	3,390,507
Long-term debt and convertible debentures	1,560,321
Total liabilities	2,041,620
 Total Atlantic Power Corporation shareholders' equity	 1,125,974
Non-controlling interest	222,913
 Total equity	 \$ 1,348,887

(1)

Net income (loss) attributable to Atlantic Power on a pro forma basis reflects:

- a. a significant increase in amortization expense as a result of the estimated increase in fair value associated with CPILP PPAs (see Note 5(e) in the notes to the unaudited pro forma condensed combined consolidated financial statements) included elsewhere in this prospectus;
- b. timing differences in Atlantic Power's deferred tax expense; and
- c. timing differences in CPILP's deferred tax benefit.

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RISK FACTORS

Investing in our common shares involves a high degree of risk. In addition to other information contained in this prospectus you should carefully consider the risks described below in evaluating our company and our business before making a decision to invest in our common shares. These risks are not the only ones faced by us. Additional risks not presently known or that we currently deem immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. The trading price of our common shares could decline due to any of these risks, and you may lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus. Please refer to the section entitled "Cautionary statements regarding forward-looking statements" in this prospectus.

Risks Related to Our Business and Our Projects

Our revenue may be reduced upon the expiration or termination of our power purchase agreements.

Power generated by our projects, in most cases, is sold under PPAs that expire at various times. For example, the PPA at our Badger Creek project expires in 2011 and represent 23 MWs of our net generating capacity. PPAs at our Auburndale, Lake and Gregory projects expire by the end of 2013 and represent 335 MWs of our net generating capacity. The table on page 11 contains details about our projects' PPAs. In addition, these PPAs may be subject to termination in certain circumstances, including default by the project. When a PPA expires or is terminated, it is possible that the price received by the project for power under subsequent arrangements may be reduced significantly. It is possible that subsequent PPAs may not be available at prices that permit the operation of the project on a profitable basis. If this occurs, the affected project may temporarily or permanently cease operations.

Our projects depend on their electricity, thermal energy and transmission services customers.

Each of our projects rely on one or more PPAs, steam sales agreements or other agreements with one or more utilities or other customers for a substantial portion of its revenue. The largest customers of our power generation projects, including projects recorded under the equity method of accounting, are Progress Energy Florida, Inc. ("PEF"), Tampa Electric Company ("TECO"), and Atlantic City Electric ("ACE"), which purchase approximately 37%, 14% and 10%, respectively, of the net electric generation capacity of our projects. The amount of cash available to pay dividends to shareholders is highly dependent upon customers under such agreements fulfilling their contractual obligations. There is no assurance that these customers will perform their obligations or make required payments.

Certain of our projects are exposed to fluctuations in the price of electricity.

Those of our projects with no PPA or PPAs based on spot market pricing will be exposed to fluctuations in the wholesale price of electricity. In addition, should any of the long-term PPAs expire or terminate, the relevant project will be required to either negotiate a new PPA or sell into the electricity wholesale market, in which case the prices for electricity will depend on market conditions at the time.

Our most significant exposure to market power prices is at the Selkirk and Chambers projects. At Chambers, our utility customer has the right to sell a portion of the plant's output into the spot power market if it is economical to do so and the Chambers project shares in the profits from these sales. In addition, during periods of low spot electricity prices the customer takes less generation, which negatively affects the project's profitability. At Selkirk, approximately 23% of the capacity of the facility

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is not contracted and is sold at market prices or not sold at all if market prices do not support the profitable operation of that portion of the facility.

Our projects may not operate as planned.

The revenue generated by our power generation projects is dependent, in whole or in part, on their availability, performance and the amount of electric energy and steam generated by them. The ability of our projects to meet availability requirements and generate the required amount of power to be sold to customers under the PPAs are primary determinants of the amount of cash that will be distributed from the projects to us, and that will in turn be available for dividends paid to our shareholders. There is a risk of equipment failure due to wear and tear, latent defect, design error or operator error, or force majeure events among other things, which could adversely affect revenues and cash flow. To the extent that our projects' equipment requires more frequent and/or longer than forecast down times for maintenance and repair, or suffers disruptions of plant availability and power generation for other reasons, the amount of cash available for dividends may be adversely affected.

In general, our power generation projects transmit electric power to the transmission grid for purchase under the PPAs through a single step up transformer. As a result, the transformer represents a single point of vulnerability and may exhibit no abnormal behavior in advance of a catastrophic failure that could cause a temporary shutdown of the facility until a replacement transformer can be found or manufactured.

If the reason for a shutdown is outside of the control of the operator, a power generation project may be able to make a force majeure claim for temporary relief of its obligations under the project contracts such as the PPA, fuel supply, steam sales agreement, or otherwise mitigate impacts through business interruption insurance policies maintenance and debt service reserves. If successful, such insurance claims may prevent a default or reduce monetary losses under such contracts. However, a force majeure claim may be challenged by the contract counterparty and, to the extent the challenge is successful, the outage may still have a materially adverse effect on the project.

We provide letters of credit under our senior credit facility for contractual credit support at some of our projects. If the projects fail to perform under the related project-level agreements, the letters of credit could be drawn and the company would be required to reimburse our senior lenders for the amounts drawn.

Our projects depend on suppliers under fuel supply agreements and increases in fuel costs may adversely affect the profitability of the projects.

Revenues earned by our projects may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. To the extent possible, the projects attempt to match fuel cost setting mechanisms in supply agreements to energy payment formulas in the PPA. To the extent that fuel costs are not matched well to PPA energy payments, increases in fuel costs may adversely affect the profitability of the projects.

The amount of energy generated at the projects is highly dependent on suppliers under certain fuel supply agreements fulfilling their contractual obligations. The loss of significant fuel supply agreements or an inability or failure by any supplier to meet its contractual commitments may adversely affect our results.

Upon the expiration or termination of existing fuel supply agreements, we or our project operators will have to renegotiate these agreements or may need to source fuel from other suppliers. Our project operators may not be able to renegotiate these agreements or enter into new agreements on similar terms. Furthermore, there can be no assurance as to availability of the supply or pricing of fuel under new arrangements and it can be very difficult to accurately predict the future prices of fuel.

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For example, a portion of the required natural gas at our Auburndale project and all of the natural gas required at our Lake project is purchased at market prices, but the projects' PPAs that expire in 2013 do not effectively pass through changes in natural gas prices. We have executed a hedging program to substantially mitigate this risk through 2013.

The amount of energy generated at the projects is dependent upon the availability of natural gas, coal, oil or biomass. The long-term availability of such resources could change in the future.

Generation from windpower projects may be less than anticipated.

We now own a windpower project, which is exposed to the risk of its wind resource having unfavorable characteristics, which in conjunction with the wind resource study, could result in unfavorable financial impacts to its expected generation and revenues.

Our operations are subject to the provisions of various energy laws and regulations.

Generally, in the United States, our projects are subject to regulation by the Federal Energy Regulatory Commission, or "FERC," regarding the terms and conditions of wholesale service and rates, as well as by state agencies regarding PPAs entered into by qualifying facility projects and the siting of the generation facilities. The majority of our generation is sold by qualifying facility projects under PPAs that required approval by state authorities.

In August 2005, the Energy Policy Act of 2005 was enacted, which removed certain regulatory constraints on investment in utility power producers. The Energy Policy Act of 2005 also limited the requirement that electric utilities buy electricity from qualifying facilities to certain markets that lack competitive characteristics, potentially making it more difficult for our current and future projects to negotiate favorable PPAs with these utilities. Finally, the Energy Policy Act of 2005 amended and expanded the reach of the FERC's merger approval authority.

If any project that is a qualifying facility were to lose its status as a qualifying facility, then such project may no longer be entitled to exemption from provisions of the Public Utility Holding Company Act of 2005 or from provisions of the Federal Power Act and state law and regulations. Such project may be able to obtain exempt wholesale generator status to maintain its exemption from the provisions of the Public Utility Holding Company Act of 2005; however, our projects may not be able to obtain such exemptions. Loss of qualifying facility status could trigger defaults under covenants to maintain qualifying facility status in the PPAs and project-level debt agreements and if not cured within allowed cure periods, could result in termination of agreements, penalties or acceleration of indebtedness under such agreements, plus interest.

Our projects require licenses, permits and approvals which can be in addition to any required environmental permits. No assurance can be provided that we will be able to obtain, comply with and renew, as required, all necessary licenses, permits and approvals for these facilities. If we cannot comply with and renew as required all applicable licenses, permits and approvals, our business, results of operations and financial condition could be adversely affected.

The Energy Policy Act of 2005 provides incentives for various forms of electric generation technologies, which may subsidize our competitors. In addition, pursuant to the Energy Policy Act of 2005, the FERC selected an electric reliability organization to impose mandatory reliability rules and standards. Among other things, the FERC's rules implementing these provisions allow such reliability organizations to impose sanctions on generators that violate their new reliability rules.

The introductions of new laws, or other future regulatory developments, may have a material adverse impact on our business, operations or financial condition.

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Future FERC rate determinations could negatively impact Path 15's cash flows.

The stability of Path 15's cash flows will continue to be subject to the risk of the FERC's adjusting the expected formulation of revenues upon its rate review every three years. Such a rate review has commenced in February 2011. The cost-of-service methodology currently applied by the FERC is well established and transparent; however, certain inputs in the FERC's determination of rates are subject to its discretion, including its response to protests from intervenors in such rate cases, which include return on equity and the recovery of certain extraordinary expenses. Unfavorable decisions on these matters could adversely affect the cash flow, financial position and results of operations of us and Path 15, and could adversely affect our cash available for dividends.

Noncompliance with federal reliability standards may subject us and our projects to penalties.

Our operations are subject to the regulations of the North American Electric Reliability Corporation ("NERC"), a self-regulatory non-governmental organization which has statutory responsibility to regulate bulk power system users, generation and transmission owners and operators. NERC groups the users, owners, and operators of the bulk power system into 17 categories, known as functional entities e.g., Generator Owner, Generator Operator, Purchasing-Selling Entity, etc. according to the tasks they perform. The NERC Compliance Registry lists the entities responsible for complying with the mandatory reliability standards and the FERC, NERC, or a regional reliability organization may assess penalties against any responsible entity found to be in noncompliance. Violations may be discovered through self-certification, compliance audits, spot checking, self-reporting, compliance investigations by NERC (or a regional reliability organization) and the FERC, periodic data submittals, exception reporting, and complaints. The penalty that might be imposed for violating the requirements of the standards is a function of the Violation Risk Factor. Penalties for the most severe violations can reach as high as \$1 million per violation, per day, and our projects could be exposed to these penalties if violations occur.

Our projects are subject to significant environmental and other regulations.

Our projects are subject to numerous and significant federal, state and local laws, including statutes, regulations, by-laws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; discharges into water; ash disposal; the storage, handling, use, transportation and distribution of dangerous goods and hazardous, residual and other regulated materials, such as chemicals; the prevention of releases of hazardous materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on and off site; land use and zoning matters; and workers' health and safety matters. As such, the operation of our projects carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties), and may result in the projects being involved from time to time in administrative and judicial proceedings relating to such matters.

The Clean Air Act and related regulations and programs of the Environmental Protection Agency extensively regulate the air emissions of sulfur dioxide, nitrogen oxides, mercury and other compounds emitted by power plants. Environmental laws and regulations have generally become more stringent over time, and this trend may continue. In particular, the Environmental Protection Agency has promulgated regulations under the federal Clean Air Interstate Rule ("CAIR") requiring additional reductions in nitrogen oxides, or "NOX," and sulphur dioxide, or "SO₂," emissions, beginning in 2009 and 2010 respectively, and has also promulgated regulations requiring reductions in mercury emissions from coal-fired electric generating units, beginning in 2010 with more substantial reductions expected in 2018. Moreover, certain of the states in which we operate have promulgated air pollution control regulations which are more stringent than existing and proposed federal regulations.

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While CAIR was set aside by a court decision in 2008, that decision allowed the CAIR requirements to remain in place pending further rulemaking by the Environmental Protection Agency. On July 6, 2010, the Environmental Protection Agency proposed to replace CAIR with the Interstate Transport Rule which would require 31 states and the District of Columbia to curb emissions of sulfur dioxide and nitrogen oxides from power plants through more aggressive state-by-state emissions budgets for nitrogen oxides and sulfur dioxide. The Environmental Protection Agency expects to finalize the interstate transport rule in late spring of 2011. The first phase of compliance would be required by early 2012 and the second phase by early 2014. Compliance with the proposed rule may have a material adverse impact on our business, operations or financial condition.

The Environmental Protection Agency proposed new mercury emissions standards for power plants on March 16, 2011 and is expected to have new standards in place by November 2014. Meeting these new standards at our coal-fired facility may have a material adverse impact on our business, operations or financial condition.

The Resource Conservation and Recovery Act has historically exempted fossil fuel combustion wastes from hazardous waste regulation. However, in June 2010 the Environmental Protection Agency proposed two alternative sets of regulations governing coal ash. One set of proposed regulations would designate coal ash as "special waste" and bring ash impoundments at coal-fired power plants under federal regulations governing hazardous solid waste under Subtitle C of the Resource Conservation and Recovery Act. Another set of proposed regulations would regulate coal ash as a non-hazardous solid waste. If the Environmental Protection Agency determines to regulate coal ash as a hazardous waste, our coal-fired facility may be subject to increased compliance obligations and costs that may have a material adverse impact on our business, operations or financial condition.

Significant expenditures may be required for either capital expenditures or the purchase of allowances under any or all of these programs to keep the projects compliant with environmental laws and regulations. The projects' PPAs do not allow for the pass through of emissions allowance or emission reduction capital expenditure costs, with the exception of Pasco. If it is not economical to make those expenditures it may be necessary to retire or mothball facilities, or restrict or modify our operations to comply with more stringent standards.

Our projects have obtained environmental permits and other approvals that are required for their operations. Compliance with applicable environmental laws, regulations, permits and approvals and material future changes to them could materially impact our businesses. Although we believe the operations of the projects are currently in material compliance with applicable environmental laws, licenses, permits and other authorizations required for the operation of the projects and although there are environmental monitoring and reporting systems in place with respect to all the projects, there is no guarantee that more stringent laws will not be imposed, that there will not be more stringent enforcement of applicable laws or that such systems may not fail, which may result in material expenditures. Failure by the projects to comply with any environmental, health or safety requirements, or increases in the cost of such compliance, including as a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could result in additional expense, capital expenditures, restrictions and delays in the projects' activities, the extent of which cannot be predicted.

Our projects are subject to regulation of CO₂ and other greenhouse gases.

Ongoing public concerns about emissions of CO₂ and other greenhouse gases have resulted in the enactment of, and proposals for, laws and regulations at the federal, state and regional levels, some of which do or could apply to some of our project operations. For example, the multi-state CO₂ cap-and-trade program known as the Regional Greenhouse Gas Initiative applies to our fossil fuel facilities in the Northeast region. The Regional Greenhouse Gas Initiative program went into effect on

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January 1, 2009. CO₂ allowances are now a tradable commodity, currently averaging in the \$1.86/ton range. The State of Florida has conducted stakeholder meetings as part of the process of developing greenhouse gas emissions regulations, the most recent of which was in January 2009. Discussions indicate favoring a program similar to that of the Regional Greenhouse Gas Initiative.

California, New Mexico, Washington and other states are part of the Western Climate Initiative, which is developing a regional cap-and-trade program to reduce greenhouse gas emissions in the region to 15% below 2005 levels by 2020.

In 2006, the State of California passed legislation initiating two programs to control/reduce the creation of greenhouse gases. The two laws, more commonly known as AB 32 and SB 1368, are currently in the regulatory rulemaking phase which will involve public comment and negotiations over specific provisions. Development towards the implementation of these programs continues.

Under AB 32 (the California Global Warming Act of 2006) the California Air Resources Board ("CARB") is required to adopt a greenhouse gas emissions cap on all major sources (not limited to the electric sector). In order to do so, it must adopt regulations for the mandatory reporting and verification of greenhouse gas emissions and to reduce state-wide emissions of greenhouse gases to 1990 levels by 2020. This will most likely require that electric generating facilities reduce their emissions of greenhouse gases or pay for the right to emit by the implementation date of January 1, 2012. The program has yet to be finalized and the decision as to whether allocations will be distributed or auctioned will be determined in the rulemaking process that is currently underway. Discussion to date favors an auction-based allocation program.

Since the 2010 elections in California, the legality of AB 32 has been challenged by several parties. On January 21, 2011, the San Francisco Superior Court issued a proposed decision that could significantly delay the implementation of AB 32. In *Association of Irrigated Residents, et al. v. California Air Resources Board*, Case No. CPF-09-509562, the Court held that the CARB failed to comply with the California Environmental Quality Act. The Court found the CARB to have neglected to conduct a sufficient environmental impact review prior to adopting the AB 32 Scoping Plan. Specifically, CARB failed to adequately analyze all potential alternatives and prematurely adopted the Scoping Plan prior to fully responding to public comment.

SB 1368 added the requirement that the California Energy Commission, in consultation with the California Public Utilities Commission (the "CPUC") and the CARB establish greenhouse gas emission performance standards and implement regulations for power purchase agreements that exceed five years entered into prospectively by publicly-owned electric utilities. The legislation directs the California Energy Commission to establish the performance standard as one not exceeding the rate of greenhouse gas emitted per megawatt-hour associated with combined-cycle, gas turbine baseload generation, such as our Badger Creek project. Provisions are under consideration in the rulemaking process to allow facilities that have higher CO₂ emissions to be able to negotiate PPAs for up to a five-year period or sell power to entities not subject to SB 1368.

In addition to the regional initiatives, legislation for the reduction of greenhouse gases has been introduced at the federal level and if passed, may eventually override the regional efforts with a national cap and trade program. Federal bills to create both a cap-and-trade allowance system and a renewable/efficiency portfolio standard have been introduced in both the House and Senate. Separately, the Environmental Protection Agency has taken several recent actions proposing possible regulation of greenhouse gas emissions.

The Environmental Protection Agency's actions include its finding of "endangerment" to public health and welfare from greenhouse gases, its issuance in September 2009 of the Final Mandatory Reporting of Greenhouse Gases Rule which requires large sources, including power plants, to monitor and report greenhouse gas emissions to the Environmental Protection Agency annually starting in 2011,

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and its publication in May 2010 of its final Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule, to take effect in 2011, which requires large industrial facilities, including power plants, to obtain permits to emit, and to use best available control technology to curb emissions of, greenhouse gases.

The implementation of existing CO₂ and other greenhouse gas legislation or regulation, the introduction of new regulation, or other future regulatory developments may subject the Company to increased compliance obligations and costs that could have a material adverse impact on our business, operations or financial condition.

All of our generating facilities are prepared to meet the March 31, 2011 requirement to submit 40 CFR Part 98 Mandatory Greenhouse Gas reporting for the emission of eligible site generated greenhouse gases in 2010. This is a national requirement and stands as a start in developing a baseline for greenhouse gases emissions at a national level.

Increasing competition could adversely affect our performance and the performance of our projects.

The power generation industry is characterized by intense competition, and our projects encounter competition from utilities, industrial companies and other independent power producers, in particular with respect to uncontracted output. In recent years, there has been increasing competition among generators for power sales agreements, and this has contributed to a reduction in electricity prices in certain markets where supply has surpassed demand plus appropriate reserve margins. In addition, many states have implemented or are considering regulatory initiatives designed to increase competition in the U.S. power industry. Increasing competition among participants in the power generation industry may adversely affect our performance and the performance of our projects.

We have limited control over management decisions at certain projects.

In a number of cases, our projects are not wholly-owned by us or we have contracted for their operations and maintenance, and in some cases we have limited control over the operation of the projects. Although we generally prefer to acquire projects where we have control, we may make acquisitions in non-control situations to the extent that we consider it advantageous to do so and consistent with regulatory requirements and restrictions, including the Investment Company Act of 1940. Third-party operators (such as Caithness, PPMS and Western) operate many of the projects. As such, we must rely on the technical and management expertise of these third-party operators, although typically we are represented on a management or operating committee if we do not own 100% of a project. To the extent that such third-party operators do not fulfill their obligations to manage the operations of the projects or are not effective in doing so, the amount of cash available to pay dividends may be adversely affected.

We may face significant competition for acquisitions and may not successfully integrate acquisitions.

Our business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively integrating them with our business. We may be unable to identify attractive acquisition candidates in the power industry in the future, and we may not be able to make acquisitions on an accretive basis or be sure that acquisitions will be successfully integrated into our existing operations, any of which could negatively impact our ability to continue paying dividends in the future at current rates.

Although electricity demand is expected to grow, creating the need for more generation, and the U.S. power industry is continuing to undergo consolidation and may offer attractive acquisition opportunities, we are likely to confront significant competition for those opportunities and, to the extent that any opportunities are identified, we may be unable to effect acquisitions or investments.

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Any acquisition or investment may involve potential risks, including an increase in indebtedness, the inability to successfully integrate operations, the potential disruption of our ongoing business, the diversion of management's attention from other business concerns and the possibility that we pay more than the acquired company or interest is worth. There may also be liabilities that we fail to discover, or are unable to discover, in our due diligence prior to the consummation of an acquisition, and we may not be indemnified for some or all these liabilities. In addition, our funding requirements associated with acquisitions and integration costs may reduce the funds available to us to make dividend payments.

Insurance may not be sufficient to cover all losses.

Our business involves significant operating hazards related to the generation of electricity. While we believe that the projects' insurance coverage addresses all material insurable risks, provides coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and are subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving our assets or operations of our projects. Any losses in excess of those covered by insurance, which may include a significant judgment against any project or project operator, the loss of a significant permit or other approval or the imposition of a significant fine or penalty, could have a material adverse effect on our business, financial condition and future prospects and could adversely affect dividends to our shareholders.

Financing arrangements could negatively impact our business.

Our current or future borrowings could increase the level of financial risk to us and, to the extent that the interest rates are not fixed and rise, or that borrowings are refinanced at higher rates, then cash available for dividends could be adversely affected. As of March 18, 2011, we had no borrowings outstanding under our revolving credit facility, \$212.9 million of outstanding convertible debentures, and \$251.8 million of outstanding non-recourse project-level debt. Covenants in these borrowings may also adversely affect cash available for dividends. In addition, most of the projects currently have non-recourse term loans or other financing arrangements in place with various lenders. These financing arrangements are typically secured by all of the project assets and contracts as well as our equity interests in the project. The terms of these financing arrangements generally impose many covenants and obligations on the part of the borrower. For example, some agreements contain requirements to maintain specified debt service coverage ratios before cash may be distributed from the relevant project to us. In many cases, a default by any party under key project agreements (such as a PPA or a fuel supply agreement) will also constitute a default under the project's term loan or other financing arrangement. Failure to comply with the terms of these term loans or other financing arrangements, or events of default thereunder, may prevent cash distributions by the project to us and may entitle the lenders to demand repayment and/or enforce their security interests.

Our failure to refinance or repay any indebtedness when due could constitute a default under such indebtedness. Under such circumstances, it is expected that dividends to our shareholders would not be permitted until such indebtedness was refinanced or repaid and we may be required to sell assets or take other actions, including the initiation of bankruptcy proceedings or the commencement of an out-of-court debt restructuring.

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Our equity interests in our projects may be subject to transfer restrictions.

The partnership or other agreements governing some of the projects may limit a partner's ability to sell its interest. Specifically, these agreements may prohibit any sale, pledge, transfer, assignment or other conveyance of the interest in a project without the consent of the other partners. In some cases, other partners may have rights of first offer or rights of first refusal in the event of a proposed sale or transfer of our interest. These restrictions may limit or prevent us from managing our interests in the projects in the manner we see fit, and may have an adverse effect on our ability to sell our interests in these projects at the prices we desire.

The projects are exposed to risks inherent in the use of derivative instruments.

We and the projects may use derivative instruments, including futures, forwards, options and swaps, to manage commodity and financial market risks. In the future, the project operators could recognize financial losses on these arrangements as a result of volatility in the market values of the underlying commodities or if a counterparty fails to perform under a contract. If actively quoted market prices and pricing information from external sources are not available, the valuation of these contracts would involve judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts.

Most of these contracts are recorded at fair value with changes in fair value recorded currently in earnings, resulting in significant volatility in our income (as calculated in accordance with GAAP) that does not significantly affect current period cash flows or the underlying risk management purpose of the derivative instruments. As a result, we may be unable to accurately predict the impact that our risk management decisions may have on our quarterly and annual income (as calculated in accordance with GAAP).

If the values of these financial contracts change in a manner that we do not anticipate, or if a counterparty fails to perform under a contract, it could harm our financial condition, results of operations and cash flows. We have executed natural gas swaps to reduce our risks to changes in the market price of natural gas, which is the fuel consumed at many of our projects. Due to declining natural gas prices, we have incurred losses on these natural gas swaps. We execute these swaps only for the purpose of managing risks and not for speculative trading.

Our Piedmont project is subject to construction risk.

The Piedmont project commenced construction in November 2010 and is expected to be completed in late 2012. In any construction project, there is a risk that circumstances occur which prevent the timely completion of a project, cause construction costs to exceed the level budgeted, or result in operating performance standards not being met.

In the event a power project does not achieve commercial operation by its expected date, the project may be subject to increased construction costs associated with the continuing accrual of interest on the project's construction loan, which customarily matures at the start of commercial operation and converts to a term loan. A delay in completion of construction may also impact a project under its PPA which may include penalty provisions for a delay in commercial operation date or in situations of extreme delay, termination of the PPA.

Construction cost overruns which exceed the project's construction contingency amount may require that the project owner infuse additional funds in order to complete construction.

At the completion of construction, the power project may not meet its expected operating performance levels. Adverse circumstances may impact the design, construction, and commissioning of the project that could result in reduced output, increased heat rate or excessive air emissions.

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Risks Related to Our Structure

We are dependent on our projects for virtually all cash available for dividends.

We are dependent on the operations and assets of the projects through our indirect ownership of interests in the projects. The actual amount of cash available for dividends to our shareholders depends upon numerous factors, including profitability, changes in revenues, fluctuations in working capital, availability under existing credit facilities, capital expenditure levels, applicable laws, compliance with contracts and contractual restrictive covenants contained in any debt documentation.

Distribution of available cash may restrict our potential growth.

A payout of a significant portion of substantially all of our operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of these funds could limit our future growth and cash flow. In addition, we may be precluded from pursuing otherwise attractive acquisitions or investments if the projected short-term cash flow from the acquisition or investment are not adequate to service the capital raised to fund the acquisition or investment.

Future dividends are not guaranteed.

Dividends to shareholders are paid at the discretion of our board of directors. Future dividends, if any, will depend on, among other things, the results of operations, working capital requirements, financial condition, restrictive covenants, business opportunities, provisions of applicable law and other factors that our board of directors may deem relevant. Our board of directors may decrease the level of or entirely discontinue payment of dividends.

Exchange rate fluctuations may impact the amount of cash available for dividends.

Our payments to shareholders and convertible debenture holders are denominated in Canadian dollars. Conversely, all of our projects' revenues and expenses are denominated in U.S. dollars. As a result, we are exposed to currency exchange rate risks. Despite our hedges against this risk through 2013, any arrangements to mitigate this exchange rate risk may not be sufficient to fully protect against this risk. If hedging transactions do not fully protect against this risk, changes in the currency exchange rate between U.S. and Canadian dollars could adversely affect our cash available for distribution.

Our indebtedness could negatively impact our business and our projects.

The degree to which we are leveraged on a consolidated basis could increase and have important consequences for our shareholders, including:

our ability in the future to obtain additional financing for working capital, capital expenditures, acquisitions or other purposes may be limited;

our ability to refinance indebtedness on terms acceptable to us or at all; and

our ability to react to competitive pressures.

As of March 31, 2011, our consolidated long-term debt and our share of the debt of our unconsolidated affiliates represented approximately 50.8% of our total capitalization, comprised of debt and balance sheet equity.

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Changes in our creditworthiness may affect the value of our common shares.

Changes to our perceived creditworthiness may affect the market price or value and the liquidity of our common shares. The interest rate we pay on our credit facility may increase if certain credit ratios deteriorate.

Future issuances of our common shares could result in dilution.

Our articles of incorporation authorize the issuance of an unlimited number of common shares for such consideration and on such terms and conditions as are established by our board of directors without the approval of any of our shareholders. We may issue additional common shares in connection with a future financing or acquisition. The issuance of additional common shares may dilute an investor's investment in us and reduce cash available for distribution per common share.

Investment eligibility.

There can be no assurance that our common shares will continue to be qualified investments under relevant Canadian tax laws for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts.

We are subject to Canadian tax.

As a Canadian corporation, we are generally subject to Canadian federal, provincial and other taxes, and dividends that we pay are generally subject to Canadian withholding tax if paid to a shareholder that is not a resident of Canada. In connection with our conversion from an IPS structure to a traditional common share structure in 2009 and the related reorganization of our organizational structure, we received a note from our primary U.S. holding company (the "Intercompany Note"). We are required to include in computing our taxable income interest on the Intercompany Note. We expect that our existing tax attributes initially will be available to offset this income inclusion such that it will not result in an immediate material increase to our liability for Canadian taxes. However, once we fully utilize our existing tax attributes (or if, for any reason, these attributes were not available), our Canadian tax liability would materially increase. Although we intend to explore potential opportunities in the future to preserve the tax efficiency of our structure, no assurances can be given that our Canadian tax liability will not materially increase at that time.

Our prior and current structure may be subject to additional U.S. federal income tax liability.

Under our prior IPS structure, we treated the subordinated note component of each IPS as debt for U.S. federal income tax purposes. Accordingly, we deducted the interest payments on the subordinated notes and reduced our net taxable income treated as "effectively connected income" for U.S. federal income tax purposes. Under our current structure, our subsidiaries that are incorporated in the United States are subject to U.S. federal income tax on their income at regular corporate rates (currently as high as 35%, plus state and local taxes), and our primary U.S. holding company will claim interest deductions with respect to the Intercompany Note in computing its income for U.S. federal income tax purposes. To the extent this interest expense is disallowed or is otherwise not deductible, the U.S. federal income tax liability of our primary U.S. holding company will increase, which could materially affect our after-tax cash available for distribution. While we received advice from our U.S. tax counsel, based on certain representations by us and our primary U.S. holding company and determinations made by our independent advisors, as applicable, that the subordinated notes and the Intercompany Note should be treated as debt for U.S. federal income tax purposes, it is possible that the Internal Revenue Service ("IRS") could successfully challenge those positions and assert that subordinated notes or the Intercompany Note should be treated as equity rather than debt for U.S. federal income tax purposes. In this case, the otherwise deductible interest on the subordinated notes or the Intercompany Note would be treated as non-deductible distributions, and interest payments on

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the subordinated notes would be subject to branch profits tax to the extent we had effectively connected earnings and profits, and interest payments on the Intercompany Note would be subject to U.S. withholding tax to the extent that our primary U.S. holding company had current or accumulated earnings and profits. The determination of whether the subordinated notes and the Intercompany Note are debt or equity for U.S. federal income tax purposes is based on an analysis of the facts and circumstances. There is no clear statutory definition of debt for U.S. federal income tax purposes, and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the nature of the purported creditor's interest in the borrower.

Furthermore, not all courts have applied this analysis in the same manner, and some courts have placed more emphasis on certain factors than other courts have. To the extent it were ultimately determined that the subordinated notes or the Intercompany Note were not debt, our U.S. federal income tax liability for the applicable open tax years would materially increase, which could materially affect our after-tax cash available for distribution. Alternatively, the IRS could argue that the interest on the subordinated notes or the Intercompany Note exceeded or exceeds an arm's length rate, in which case only the portion of the interest expense that does not exceed an arm's length rate may be deductible and, the remainder would be treated as an equity distribution and potentially subject to withholding tax as described above. We have received advice from independent advisors that the interest rates on the subordinated notes and the Intercompany Note were, when issued, commercially reasonable under the circumstances, but the advice is not binding on the IRS.

Furthermore, pursuant to the U.S. "earnings stripping" limitations, our primary U.S. holding company's deductions attributable to the interest expense on the Intercompany Note may be limited by the amount by which its net interest expense (the interest paid by the U.S. holding company on all debt, including the Intercompany Note, less its interest income) exceeds 50% of its adjusted taxable income (generally, U.S. federal taxable income before net interest expense, net operating loss carryovers, depreciation and amortization). Any disallowed interest expense may currently be carried forward to future years. Moreover, proposed legislation has been introduced, though not enacted, several times in recent years that would further limit the 50% of adjusted taxable income cap described above to 25% of adjusted taxable income. Furthermore, if our primary U.S. holding company does not make regular interest payments as required under the Intercompany Note, other limitations on the deductibility of interest under U.S. federal income tax laws could apply to defer and/or eliminate all or a portion of the interest deduction that the U.S. holding company would otherwise be entitled to with respect to the Intercompany Note.

Passive foreign investment company treatment.

We do not believe that we are a passive foreign investment company, and we do not expect to become a passive foreign investment company. However, if we were a passive foreign investment company while a taxable U.S. holder held common shares, such U.S. holder could be subject to an interest charge on any deferred taxation and the treatment of gain upon the sale of our stock as ordinary income.

Risks Related to the Plan of Arrangement

There can be no assurance that the Plan of Arrangement will be completed and this offering is not conditioned upon the completion of the Plan of Arrangement.

The Arrangement Agreement provides that we will acquire, directly or indirectly, all of the issued and outstanding CPILP units pursuant to a Plan of Arrangement under the Canada Business Corporation Act. Completion of the Plan of Arrangement is conditioned upon the receipt of certain governmental authorizations, consents, orders or other approvals, including but not limited to approval under the *Investment Canada Act*, the *Competition Act* (Canada), the *Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended* (United States) and the *United States Federal Power Act*. The Plan of Arrangement must also be approved by the Court of Queen's Bench of Alberta and both our

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shareholders and CPILP's unitholders. No assurance can be given that the required approvals will be obtained, and, even if such approvals are obtained, no assurance can be given as to the terms, conditions and timing of the approvals or that they will satisfy the terms of the Arrangement Agreement.

This offering is not conditioned on the completion of the Plan of Arrangement and there can be no assurance that the Plan of Arrangement will be completed. The common shares offered hereby will remain outstanding whether or not the Plan of Arrangement is completed.

If the financing for the transactions contemplated by the Arrangement Agreement becomes unavailable, the Plan of Arrangement may not be completed.

We intend to use the net proceeds from this offering to finance a portion of the cash purchase price necessary to complete the Plan of Arrangement. We plan to fund the remainder of the cash consideration payable by us under the Plan of Arrangement, including related fees and expenses, with the net proceeds from a senior unsecured notes offering and/or drawings under a \$625 million senior secured credit facility, for which we have received the written commitment of a Canadian chartered bank and another financial institution. However, funding under this facility is subject to certain conditions, including, without limitation, that there shall not have occurred a material adverse effect with respect to Atlantic Power, CPILP, CPI Income Services Ltd. and CPI Investments Inc. taken as a whole. In the event that the lenders under the facility fail to provide funding for this or any other reason, we may not be able to complete the Plan of Arrangement and may be subject to a termination fee of C\$35.0 million.

If the Arrangement Agreement is terminated, we may be required to pay a termination fee or make an expense reimbursement payment.

The Arrangement Agreement provides that we will pay a C\$35.0 million termination fee to CPILP if CPILP terminates the Arrangement Agreement on account of certain actions or events, including the failure of our Board of Directors to maintain its favorable recommendation for the issuance of Atlantic Power common shares in connection with the Plan of Arrangement, failure of financing or a breach of our obligations under the Arrangement Agreement. If the Arrangement Agreement is terminated under circumstances where no termination fee is payable, we may still be required to make an expense reimbursement payment to CPILP, up to a maximum of C\$8.0 million, in certain circumstances, including, but not limited to, if our shareholders do not approve issuance of our common shares in exchange for CPILP units pursuant to the Plan of Arrangement.

Failure to complete the Plan of Arrangement could negatively impact our share price and our future business and financial results.

If the Plan of Arrangement is not completed for any reason, our ongoing business may be adversely affected and we will be subject to a number of risks, including the following:

we may be required, under certain circumstances, to pay a termination fee in the amount of C\$35.0 million to CPILP or make a reimbursement of expenses payment to CPILP of up to C\$8 million in connection with a termination of the Arrangement Agreement in certain circumstances;

we will be required to pay certain other costs relating to the Arrangement Agreement and Plan of Arrangement, whether or not completed, such as legal, accounting, financial advisor and printing fees; and

matters relating to the Arrangement Agreement and Plan of Arrangement (including integration planning) require substantial commitments of time and resources by our management, whether or not the Plan of Arrangement is completed, which could otherwise

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have been devoted to conducting our business and pursuing other opportunities that may have been beneficial to us.

If the Plan of Arrangement is not completed, these risks may materialize and may adversely affect our business, operations, financial results and financial condition, as well as the trading price of our common shares.

We have not identified any specific use of the net proceeds of this offering in the event the Plan of Arrangement is not completed.

Consummation of the Plan of Arrangement is subject to a number of conditions and approvals, and, if the Plan of Arrangement is not completed for any reason, our Board of Directors and management will have broad discretion over the use of the net proceeds we receive in this offering and might not apply the net proceeds in ways that increase the trading price of our common shares. Since the primary purpose of this offering is to provide funds to pay a portion of the cash amount we are required to pay in connection with the Plan of Arrangement, we have not identified a specific use for the net proceeds in the event the Plan of Arrangement is not completed. Any funds received may be used by us for any corporate purpose, which may include pursuit of other business combinations, expansion of our operations, share repurchases or other uses. The failure of our management to use the net proceeds from this offering effectively could have an adverse effect on our business and may have an adverse effect on our earnings per share.

The failure to integrate successfully the businesses of Atlantic Power and CPILP in the expected timeframe would adversely affect the combined company's future results.

The success of the Plan of Arrangement will depend, in large part, on our ability to realize the anticipated benefits, including cost savings, from combining the businesses of Atlantic Power and CPILP. To realize these anticipated benefits, the businesses of Atlantic Power and CPILP must be successfully integrated. This integration will be complex and time-consuming. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in the combined company not fully achieving the anticipated benefits of the Plan of Arrangement.

Potential difficulties that may be encountered in the integration process include the following:

challenges and difficulties associated with managing the larger, more complex, combined business;

conforming standards, controls, procedures and policies, business cultures and compensation structures between the entities;

integrating personnel from the two entities while maintaining focus on developing, producing and delivering consistent, high quality services;

consolidating corporate and administrative infrastructures;

coordinating geographically dispersed organizations;

potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the Plan of Arrangement;

performance shortfalls at one or both of the entities as a result of the diversion of management's attention caused by completing the Plan of Arrangement and integrating the entities' operations; and

the ability of the combined company to deliver on its strategy going forward.

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Our growth plans upon completion of the Plan of Arrangement are dependent on future acquisitions and growth opportunities that may not be realized.

The ability to expand through acquisitions and growth opportunities is integral to our business strategy following completion of the Plan of Arrangement and requires that we identify and consummate suitable acquisition or investment opportunities that meet our investment criteria and are compatible with our growth strategy. We may not be successful in identifying and consummating acquisitions or investments that meet our investment criteria on satisfactory terms or at all. The failure to identify and consummate suitable acquisitions, to take advantage of other investment opportunities, or to integrate successfully any acquisitions without substantial expense, delay or other operational or financial problems, would impede our growth and negatively affect our results of operations and cash available for distribution to our shareholders.

We may be adversely affected by increased debt and debt service obligations.

We plan to fund a significant portion of the cash consideration payable by us under the Plan of Arrangement, including related fees and expenses, with the net proceeds from a senior unsecured notes offering and/or drawings under a \$625 million senior secured credit facility, for which we have received the written commitment of a Canadian chartered bank and another financial institution. Such facility will be guaranteed by us and each of our existing and subsequently acquired or organized direct or indirect subsidiaries (excluding CPILP and each of its subsidiaries), and will contain covenants restricting certain actions by us and our subsidiaries (including CPILP and its subsidiaries), including financial, affirmative and negative covenants, which may include limitations on the ability to incur indebtedness, create liens and merge and consolidate with other companies, in each case, subject to exceptions and baskets that may be mutually agreed upon by us and the lender parties thereto, the exact terms of which will be negotiated before the effective time for the Plan of Arrangement.

Assuming completion of the Plan of Arrangement, we will have an increased amount of indebtedness. On a pro forma basis assuming the Plan of Arrangement was consummated on _____, we would have had \$ _____ of indebtedness. We may also obtain additional long-term debt and working capital lines of credit to meet future financing needs, subject to certain restrictions under our existing indebtedness, which would further increase our total debt.

The potential significant negative consequences on our financial condition and results of operations that could result from our increased amount of debt include:

limitations on our ability to obtain additional debt or equity financing;

instances in which we are unable to meet the financial covenants contained in our debt agreements or to generate cash sufficient to make required debt payments, which circumstances would have the potential of accelerating the maturity of some or all of our outstanding indebtedness;

the allocation of a material portion of our cash flow from operations to service our debt, thus reducing the amount of our cash flow available for other purposes, including funding operating costs and capital expenditures that could improve our competitive position, results of operations or share price;

requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;

compromising our flexibility to plan for, or react to, competitive challenges in our business and the power industry;

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the possibility of us being put at a competitive disadvantage with our competitors that do not have as much debt as we have, and competitors that may be in a more favorable position to access additional capital resources in a timely manner; and

limitations on our ability to execute business development activities to support our strategies.

A downgrade in Atlantic Power's or CPILP's credit ratings or any deterioration in their credit quality could negatively affect our ability to access capital and our ability to hedge and could trigger termination rights under certain contracts.

A downgrade in Atlantic Power's or CPILP's credit ratings or deterioration in their credit quality could adversely affect our ability to renew existing, or obtain access to new, credit facilities and could increase the cost of such facilities and trigger termination rights or enhanced disclosure requirements under certain contracts to which CPILP is a party. Any downgrade of CPILP's corporate credit rating could cause counterparties and financial derivative markets to require CPILP to post letters of credit or other collateral, make cash prepayments, obtain a guarantee agreement or provide other security, all of which would expose CPILP to additional costs.

Our results of operations may differ significantly from the unaudited pro forma condensed combined consolidated financial data included in this prospectus.

This prospectus includes unaudited pro forma condensed combined consolidated financial statements to illustrate the effects of the Plan of Arrangement on our historical financial position and operating results. The unaudited pro forma condensed combined consolidated statements of operations for the fiscal year ended December 31, 2010 and for the three months ended March 31, 2011 combine the historical consolidated statements of operations of Atlantic Power and CPILP, giving effect to the Plan of Arrangement, as if it had occurred on January 1, 2010. The unaudited pro forma condensed combined consolidated balance sheet as of March 31, 2011 combines the historical consolidated balance sheets of Atlantic Power and CPILP, giving effect to the Plan of Arrangement as if it had occurred on March 31, 2011. This unaudited pro forma financial data is presented for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that would have resulted had the Plan of Arrangement been completed as of the dates or at the beginning of the periods presented, as applicable, nor is it indicative of the results of operations in future periods or the future financial position of the combined company.

We expect to incur significant expenses related to the integration of Atlantic Power and CPILP.

We expect to incur significant expenses in connection with the Plan of Arrangement and the integration of Atlantic Power and CPILP. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated. While we have assumed that a certain level of expenses will be incurred, there are many factors beyond our control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These integration expenses likely will result in our taking significant charges against earnings following the completion of the Plan of Arrangement, and the amount and timing of such charges are uncertain at present.

If goodwill or other intangible assets that we record in connection with the Plan of Arrangement become impaired, we could have to take significant charges against earnings.

In connection with the accounting for the Plan of Arrangement, we expect to record a significant amount of goodwill and other intangible assets. Under U.S. GAAP, we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets has been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other

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intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and shareholders' equity in future periods.

We must continue to retain, motivate and recruit executives and other key employees, which may be difficult in light of the uncertainty regarding the Plan of Arrangement, and failure to do so could negatively affect us.

We must be successful at retaining, recruiting and motivating key employees following the completion of the Plan of Arrangement. Experienced employees in the power industry are in high demand and competition for their talents can be intense. Employees of both Atlantic Power and CPILP may experience uncertainty about their future role with the combined company until, or even after, strategies with regard to the combined company are announced or executed. These potential distractions of the Plan of Arrangement may adversely affect our ability to attract, motivate and retain executives and other key employees and keep them focused on applicable strategies and goals. A failure to retain and motivate executives and other key employees during the period prior to or after the completion of the Plan of Arrangement could have an adverse impact on our business.

There are factors that could cause the Plan of Arrangement not to be accretive and could cause dilution to our distributable cash flow per share, which may negatively affect the market price of our common shares.

We could encounter transaction and integration-related costs or other factors such as the failure to realize benefits anticipated in the Plan of Arrangement. All of these factors could cause dilution to our distributable cash flow per share or decrease or delay the expected accretive effect of the Plan of Arrangement and cause a decrease in the market price of our common shares. Accordingly, we may not be able to increase our dividends following completion of the Plan of Arrangement as currently planned.

CPI Preferred Equity Ltd. is subject to Canadian tax, as is Atlantic Power's income from CPILP.

As a Canadian corporation, we are generally subject to Canadian federal, provincial and other taxes. See "Risks Related to Our Structure We are subject to Canadian tax". Following completion of the Plan of Arrangement, we will be required to include in computing our taxable income any income earned by CPILP. In addition, CPI Preferred Equity Ltd., a subsidiary of CPILP, is also a Canadian corporation and is generally subject to Canadian federal, provincial and other taxes. CPI Preferred Equity Ltd. is, and following the completion of the Plan of Arrangement will continue to be, liable to pay material Canadian cash taxes.

Our incorporation of the CPILP structure following the Plan of Arrangement may be subject to additional U.S. federal income tax liability.

CPILP's U.S. structure has in place certain intercompany financing arrangements (the "CPILP Financing Arrangements"). While CPILP has received advice from its U.S. accountants, based on certain representations by its holding companies, that the payments on the CPILP Financing Arrangements should be deductible for U.S. federal income tax purposes, it is possible that the IRS could successfully challenge the deductibility of these payments. If the IRS were to succeed in characterizing these payments as non-deductible, the adverse consequences discussed above with respect to the Intercompany Loan could apply in connection with the CPILP Financing Arrangements. See "Risks Related to Our Structure Our prior and current structure may be subject to additional U.S. federal income tax liability." In addition, even if the payments are respected as interest, the deduction thereof could nevertheless be limited by the earnings stripping limitations, as discussed above with respect to our current structure. The earnings stripping limitations will also apply to other indebtedness of CPILP's U.S. group that is guaranteed by CPILP or Atlantic Power. Finally, the applicability of recent changes to the U.S.-Canada Income Tax Treaty to the structure associated with certain of the CPILP Financing Arrangements may result in distributions from CPILP's U.S. group to

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its Canadian parent being subject to a 30% rate of withholding tax instead of the 5% rate that would otherwise have applied.

Risks Related to Our Common Shares

Market conditions and other factors may affect the value of our common shares.

The trading price of our common shares will depend on many factors, which may change from time to time, including:

conditions in the power generation markets and the energy markets generally;

interest rates;

the market for similar securities;

government action or regulation;

general economic conditions or conditions in the financial markets;

our past and future dividend practice; and

our financial condition, performance, creditworthiness and prospects.

Accordingly, the common shares that an investor purchases, whether in this offering or in the secondary market, may trade at a price lower than that at which they were purchased.

The market price and trading volume of our common shares may be volatile.

The market price of our common shares may be volatile, particularly given the current economic environment. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. If the market price of our common shares declines significantly, you may be unable to resell your shares at or above the public offering price. The market price of our common shares may fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common shares include:

quarterly variations in our operating results or the quality of our assets;

changes in applicable regulations or government action;

operating results that vary from the expectations of management, securities analysts and investors;

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changes in expectations as to our future financial performance;

announcements of innovations, new products, strategic developments, significant contracts, acquisitions and other material events by us or our competitors;

changes in financial estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to us or other companies in our industry;

the operating and securities price performance of other companies that investors believe are comparable to us;

changes in general market conditions, such as interest or foreign exchange rates, stock or commodity valuations, or volatility; and

actions by our current shareholders, including sales of our common shares by existing shareholders and/or directors and executive officers.

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Stock markets in general have experienced significant volatility over the past two years, and continue to experience significant price and volume volatility. As a result, the market price of our common shares may continue to be subject to similar market fluctuations that may be unrelated to our operating performance or prospects. Increased volatility could result in a decline in the market price of our common shares.

Present and future offerings of debt or equity securities, ranking senior to our common shares, may adversely affect the market price of our common shares.

If we decide to issue debt or equity securities ranking senior to our common shares in the future it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of holders of our common shares and may result in dilution to holders of our common shares. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common shares will bear the risk of our future offerings reducing the market price of our common shares and diluting the value of their share holdings in us.

The number of shares available for future sale could adversely affect the market price of our common shares.

We cannot predict whether future issuances of our common shares or the availability of shares for resale in the open market will decrease the market price per common share. We may issue additional common shares, including securities that are convertible into or exchangeable for, or that represent the right to receive common shares. Sales of a substantial number of common shares in the public market or the perception that such sales might occur could materially adversely affect the market price of our common shares. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our shareholders bear the risk of our future offerings reducing the market price of our common shares and diluting their share holdings in us.

The exercise of the underwriters' option to purchase additional common shares, the exercise of any options granted to directors, executive officers and other employees under our stock compensation plans, and other issuances of our common shares could have an adverse effect on the market price of our common shares, and the existence of options may materially adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of our common shares may be dilutive to existing shareholders.

The redemption of our outstanding debentures for or repayment of principal by issuing common shares may cause common shareholders dilution.

We may determine to redeem outstanding debentures for common shares or to repay outstanding principal amounts thereunder at maturity of the debentures by issuing additional common shares. The issuance of additional common shares may have a dilutive effect on shareholders and an adverse impact on the price of our common shares.

Provisions of our articles of continuance could discourage potential acquisition proposals and could deter or prevent a change in control.

We are governed by the Business Corporations Act (British Columbia). Our articles of continuance contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of our company by means of a tender offer, a proxy contest or otherwise. These provisions may make it more difficult for other persons, without the approval of our board of directors, to make a tender offer or otherwise acquire a substantial number of our common shares or to launch other takeover attempts that a shareholder might consider to be in his or her best interest. These provisions could limit the price that some investors might be willing to pay in the future for our common shares.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of the *Private Securities Litigation Reform Act of 1995* with respect to the financial condition, results of operations, business strategies, operating efficiencies, synergies, revenue enhancements, competitive positions, plans and objectives of management and growth opportunities of Atlantic Power and CPILP, and with respect to the Plan of Arrangement and the markets for CPILP units and Atlantic Power common shares and other matters. Statements in this prospectus and the documents incorporated by reference herein that are not historical facts are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 27A of the Securities Act and Section 21E of the Exchange Act and forward-looking information within the meaning defined under applicable Canadian securities legislation (collectively, "forward-looking statements").

These forward-looking statements relate to, among other things, the expected benefits of the Plan of Arrangement, such as accretion, the ability to pay increased dividends, enhanced cash flow, growth potential, liquidity and access to capital, market profile and financial strength; the position of the combined company; and the expected timing of the completion of the transaction.

Forward-looking statements can generally be identified by the use of words such as "should," "intend," "may," "expect," "believe," "anticipate," "estimate," "continue," "plan," "project," "will," "could," "would," "target," "potential" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding the items outlined above. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things:

the failure to receive, on a timely basis or otherwise, the required approvals by Atlantic Power shareholders, CPILP unitholders and government or regulatory agencies (including the terms of such approvals);

the risk that a condition to closing of the Plan of Arrangement may not be satisfied;

the possibility that the anticipated benefits and synergies from the Plan of Arrangement cannot be fully realized or may take longer to realize than expected;

the possibility that costs or difficulties related to the integration of Atlantic Power and CPILP operations will be greater than expected;

the ability of the combined company to retain and hire key personnel and maintain relationships with customers, suppliers or other business partners;

the impact of legislative, regulatory, competitive and technological changes; the risk that the credit ratings of the combined company may be different from what the companies expect;

the amount of distributions expected to be received from our projects and our estimated net cash tax refunds;

the expected use of proceeds from this offering and any private offering of senior unsecured notes; and

other risk factors relating to the power industry, as detailed from time to time in our filings with the SEC and the Canadian Securities Administrators (the "CSA").

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Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in this prospectus under the section entitled "Risk factors," beginning on page 19.

You are cautioned that any forward-looking statement speaks only as of the date of this prospectus or, if such statement is included in a document incorporated by reference into this prospectus, as of the date of such other document. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Table of Contents**EXCHANGE RATE INFORMATION**

The following table sets forth, for each period indicated, the high and low exchange rates for one U.S. dollar, expressed in Canadian dollars, the average of such exchange rates on the last day of each month during such period and the exchange rate at the end of such period, based on the noon buying rate as quoted by the Bank of Canada. On August 9, 2011, the noon buying rate was \$1.00 = C\$0.9893.

	Three Months Ended March 31,				Twelve Months Ended December 31,			
	2011	2010	2010	2009	2008	2007	2006	
High	C\$ 1.0022	C\$ 1.0734	C\$ 1.0778	C\$ 1.300	C\$ 1.2345	C\$ 1.1759	C\$ 1.1574	
Low	C\$ 0.9686	C\$ 1.0113	C\$ 0.9946	C\$ 1.0292	C\$ 0.9990	C\$ 0.9671	C\$ 1.1094	
Average	C\$ 0.9855	C\$ 1.0401	C\$ 1.0299	C\$ 1.1420	C\$ 1.0670	C\$ 1.0740	C\$ 1.1343	
Period End	C\$ 0.9718	C\$ 1.0156	C\$ 0.9946	C\$ 1.0466	C\$ 1.2345	C\$ 1.0031	C\$ 1.1530	

Source: Bank of Canada

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$ million after deducting the underwriting discount and our estimated expenses (or approximately \$ million if the underwriters exercise their option to purchase additional shares in full). We intend to use the net proceeds from this offering to:

- (i) fund a portion of the cash consideration payable by us under the Plan of Arrangement; and
- (ii) to the extent that any proceeds remain thereafter, or the Plan of Arrangement is not completed, to fund additional growth opportunities and for general corporate purposes.

This offering is not conditioned on the completion of the Plan of Arrangement and there can be no assurance that the Plan of Arrangement will be completed. The shares offered hereby will remain outstanding whether or not the Plan of Arrangement is completed.

We intend to fund the remainder of the cash consideration payable by us under the Plan of Arrangement, including related fees and expenses, with the net proceeds from a senior unsecured notes offering and/or borrowings under a \$625 million senior secured credit facility, for which we have received the written commitment of a Canadian chartered bank and another financial institution. This offering is not conditioned upon the successful completion of a private offering of senior unsecured notes and any private offering of senior unsecured notes will not be conditioned upon the successful completion of this offering.

Table of Contents**DIVIDENDS AND DIVIDEND POLICY**

On November 24, 2009, our shareholders approved our conversion to a common share structure. Subsequent to the conversion, we have continued to maintain our business strategy and our current distribution levels. Each IPS has been exchanged for one new common share. Our entire current monthly cash distribution of C\$0.0912 per common share is being paid as a dividend on the new common shares on the last business day of each month for holders of record on the last business day of the immediately preceding month.

The transactions contemplated by the Plan of Arrangement are expected to be immediately accretive to cash available for distribution following the effective date of the Plan of Arrangement. As a result, our management intends to recommend to our Board of Directors to increase our dividend by 5% from C\$1.094 per share to C\$1.15 per share on an annual basis following the effective date of the Plan of Arrangement. Upon completion of the Plan of Arrangement, our dividend will continue to be paid monthly. Future dividends are paid at the discretion of our Board of Directors subject to our earnings and cash flow and are not guaranteed. The primary risk that impacts our ability to continue paying cash dividends at the current rate is the operating performance of our projects and their ability to distribute cash to us after satisfying project-level obligations.

Dividends declared per common share (or distributions per IPS) for each of the monthly periods shown below were as follows (C\$):

Month	2011	2010	2009
	Amount		
January	\$ 0.0912	\$ 0.0912	\$ 0.0912
February	0.0912	0.0912	0.0912
March	0.0912	0.0912	0.0912
April	0.0912	0.0912	0.0912
May	0.0912	0.0912	0.0912
June	0.0912	0.0912	0.0912
July	0.0912	0.0912	0.0912
August		0.0912	0.0912
September		0.0912	0.0912
October		0.0912	0.0912
November		0.0912	0.0912
December		0.0912	0.0912

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The IPSs were listed and posted for trading on the TSX under the symbol "ATP.UN" from the time of our initial public offering in November 2004 through November 30, 2009. Following the closing of the exchange of IPSs for common shares, our new common shares commenced trading on the TSX on December 2, 2009 under the symbol "ATP." The following table sets forth the price ranges of the outstanding IPSs and common shares, as applicable, as reported by the TSX for the periods indicated:

	High (C\$)	Low (C\$)
2009		
First Quarter	\$ 9.28	\$ 6.34
Second Quarter	9.45	7.71
Third Quarter	9.49	8.55
Fourth Quarter	11.90	9.08
2010		
First Quarter	13.85	11.50
Second Quarter	12.90	11.20
Third Quarter	14.47	12.11
Fourth Quarter	15.18	13.31
2011		
First Quarter	15.50	14.41
Second Quarter	15.72	13.82
Third Quarter (until August 9, 2011)	15.46	12.92

Our shares began trading on the NYSE under the symbol "AT" on July 23, 2010. The following table sets forth the price ranges of our outstanding common shares, as reported by the NYSE from the date on which our common shares were listed through December 31, 2010:

	High (\$)	Low (\$)
2010		
Third Quarter (beginning July 23, 2010)	\$ 14.00	\$ 12.10
Fourth Quarter	14.98	13.26
2011		
First Quarter	15.75	14.72
Second Quarter	16.18	14.33
Third Quarter (until August 9, 2011)	16.34	13.12

On August 9, 2011, there were 68,964,741 of our common shares issued and outstanding, and the number of holders of our common shares was approximately 46,727.

Table of Contents**CAPITALIZATION**

The following table shows our capitalization as of March 31, 2011 on an actual basis and on an as adjusted basis to give effect to:

the sale of our common shares, at an assumed offering price of \$ _____ per share, the last reported sale price of our common shares on the New York Stock Exchange _____, 2011, after deducting underwriting discounts and estimated transaction expenses payable by us;

a private offering and sale of \$ _____ of our senior unsecured notes due _____, after deducting discounts and estimated transaction expenses payable by us; and

application of the net proceeds from both offerings to pay the cash portion of the amounts payable by us pursuant to the Plan of Arrangement, including related fees, costs and expenses, and completion of the Plan of Arrangement as described elsewhere in this prospectus.

This offering is not conditioned on the completion of the Plan of Arrangement and there can be no assurance that the Plan of Arrangement will be completed. The shares offered hereby will remain outstanding whether or not the Plan of Arrangement is completed.

You should read this table in conjunction with the sections entitled "Use of proceeds," "Unaudited pro forma condensed combined consolidated financial statements" included elsewhere in this prospectus, in addition to our consolidated financial statements and related notes incorporated by reference herein.

	As of March 31, 2011	
	Actual	As adjusted
	(unaudited)	
	(in thousands)	
Cash and cash equivalents:	\$ 28,258	\$ _____
Debt:		
Convertible debentures due 2014	\$ 49,624	
Convertible debentures due 2017	77,357	
Convertible debentures due 2017	83,024	
Senior unsecured notes due		
Current portion of project-level debt	24,394	
Project-level debt	240,692	
Total debt:	475,091	
Shareholder's equity:		
Common shares, no par value per share, unlimited authorized shares, 68,530,369 shares issued and outstanding, actual; _____ shares issued and outstanding, as adjusted ⁽¹⁾	642,453	
Accumulated other comprehensive loss	527	
Retained deficit	(209,528)	
Non-controlling interest	3,353	
Total shareholder's equity	436,805	
Total capitalization	\$ 940,154	\$ _____

(1)

Excludes (i) 13,988,183 shares issuable upon conversion, redemption, purchase for cancellation or maturity of our outstanding convertible debentures, and (ii) 409,295 unvested notional units granted under the terms of our Long Term Incentive Plan.

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The following table presents summary consolidated financial information for Atlantic Power. The annual historical information as of, and for the years ended, December 31, 2010, 2009 and 2008 has been derived from the audited consolidated financial statements appearing in Atlantic Power's Annual Report on Form 10-K for the year ended December 31, 2010, incorporated by reference into this prospectus. The annual historical information as of, and for the years ended, December 31, 2007 and 2006 has been derived from historical financial statements not incorporated by reference into this prospectus. The historical information as of, and for the three-month periods ended, March 31, 2011 and 2010 has been derived from the unaudited consolidated financial statements appearing in Atlantic Power's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, incorporated by reference into this prospectus. Data for all periods have been prepared under U.S. GAAP. You should read the following selected consolidated financial data together with Atlantic Power's consolidated financial statements and the notes thereto and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as part of Atlantic Power's Annual Report on Form 10-K for the year ended December 31, 2010 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, each of which is incorporated by reference into this prospectus. See "Where you can find more information" beginning on page 85 of this prospectus.

	Year Ended December 31,					Three months ended March 31,	
(in thousands of US dollars, except as otherwise stated)	2010	2009	2008	2007	2006 ^(a)	2011 ^(a)	2010 ^(a)
Project revenue	\$ 195,256	\$ 179,517	\$ 173,812	\$ 113,257	\$ 69,374	\$ 53,665	\$ 47,221
Project income	41,879	48,415	41,006	70,118	57,247	14,869	3,864
Net (loss) income attributable to Atlantic Power Corporation	(3,752)	(38,486)	48,101	(30,596)	(2,408)	6,136	(6,063)
Basic earnings (loss) per share	\$ (0.06)	\$ (0.63)	\$ 0.78	\$ (0.50)	\$ (0.05)	\$ 0.09	\$ (0.10)
Basic earnings (loss) per share, C\$ ^(b)	\$ (0.06)	\$ (0.72)	\$ 0.84	\$ (0.53)	\$ (0.06)	\$ 0.09	\$ (0.10)
Diluted earnings (loss) per share ^(c)	\$ (0.06)	\$ (0.63)	\$ 0.73	\$ (0.50)	\$ (0.05)	\$ 0.09	\$ (0.10)
Diluted earnings (loss) per share, C\$ ^{(b)(c)}	\$ (0.06)	\$ (0.72)	\$ 0.78	\$ (0.53)	\$ (0.06)	\$ 0.09	\$ (0.10)
Distribution declared per subordinated note ^(d)	\$	\$ 0.51	\$ 0.60	\$ 0.59	\$ 0.57	\$	\$
Dividend declared per common share	\$ 1.06	\$ 0.46	\$ 0.40	\$ 0.40	\$ 0.37	\$ 0.28	\$ 0.26
Total assets	\$ 1,013,012	\$ 869,576	\$ 907,995	\$ 880,751	\$ 965,121	\$ 1,007,801	\$ 876,677
Total long-term liabilities	\$ 518,273	\$ 402,212	\$ 654,499	\$ 715,923	\$ 613,423	\$ 504,492	\$ 421,133

(a) Unaudited.

(b) The C\$ amounts were converted using the average exchange rates for the applicable reporting periods.

(c) Diluted earnings (loss) per share is computed including dilutive potential shares, which include those issuable upon conversion of convertible debentures and under our long term incentive plan. Because we reported a loss during the years ended December 31, 2010, 2009, 2007 and 2006, and for the three-month period ended March 31, 2010, the effect of including potentially dilutive shares in the calculation during those periods is anti-dilutive. Please see the notes to our historical consolidated financial statements incorporated by reference into this prospectus for information relating to the number of shares used in calculating basic and diluted earnings per share for the periods presented.

(d) At the time of our initial public offering, our publicly traded security was an income participating security, or an "IPS," each of which was comprised of one common share and C\$5.767 principal amount of 11% subordinated notes due 2016. On November 27, 2009, we converted from the IPS structure to a traditional common share structure. In connection with the conversion, each IPS was exchanged for one new common share.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF CPILP**

The following table presents selected consolidated financial information for CPILP. The selected historical financial data as of, and for the years ended, December 31, 2010, 2009 and 2008 has been derived from CPILP's audited consolidated financial statements for those periods appearing elsewhere in this prospectus. The selected historical financial data as of, and for the years ended, December 31, 2007 and 2006 has been derived from the audited consolidated financial statements of CPILP not appearing in this prospectus. The selected historical financial data as of, and for the three-month periods ended, March 31, 2011 and 2010 has been derived from CPILP's unaudited consolidated financial statements for those periods appearing elsewhere in this prospectus.

Data for all periods presented below have been prepared under Canadian generally accepted accounting principles and are reported in Canadian dollars. You should read the following selected consolidated financial data together with CPILP's consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	Year Ended December 31,					Three months ended March 31,	
(in thousands of Canadian dollars, except as otherwise stated)	2010	2009	2008	2007	2006	2011 ^{(a)(b)}	2010 ^(a)
Revenue	\$ 532,377	\$ 586,491	\$ 499,267	\$ 549,872	\$ 326,900	\$ 131,233	\$ 144,157
Depreciation, amortization and accretion	\$ 98,227	\$ 93,249	\$ 88,313	\$ 85,553	\$ 65,200	\$ 23,026	\$ 23,516
Financial charges and other, net	\$ 40,179	\$ 46,462	\$ 94,836	\$ 8,574	\$ 42,200	\$ 10,810	\$ 11,010
Net income before tax and preferred share Dividends	\$ 35,224	\$ 56,812	\$ (91,918)	\$ 108,953	\$ 67,400	\$ 12,078	\$ 12,372
Net income (loss) attributable to equity holders of CPILP	\$ 30,500	\$ 57,553	\$ (67,893)	\$ 30,816	\$ 62,121	\$ 8,411	\$ 14,329
Basic and diluted earning (loss) per unit, C\$	\$ 0.55	\$ 1.07	\$ (1.26)	\$ 0.59	\$ 1.28	\$ 0.15	\$ 0.26
Distributions declared per unit, C\$	\$ 1.76	\$ 1.95	\$ 2.52	\$ 2.52	\$ 2.52	\$ 0.44	\$ 0.44
Total assets	\$ 1,583,910	\$ 1,668,057	\$ 1,809,225	\$ 1,852,573	\$ 1,883,400	\$ 1,468,500	\$ 1,618,408
Total long-term liabilities	\$ 874,190	\$ 853,314	\$ 935,248	\$ 730,940	\$ 757,800	\$ 809,087	\$ 846,508
Operating margin	\$ 187,567	\$ 211,680	\$ 111,446	\$ 216,188	\$ 185,900	\$ 50,104	\$ 50,855

(a) Unaudited.

(b) Results for 2011 have been prepared using International Financial Reporting Standards.

Under U.S. GAAP, the following differences are noted:

	Years Ended December 31,	
(in thousands of Canadian dollars, except as otherwise stated)	2010	2009
Revenue	\$ 532,377	\$ 586,491
Depreciation, amortization and accretion	\$ 98,277	\$ 93,249
Financial charges and other, net	\$ 40,129	\$ 46,462
Net income before tax and preferred share dividends	\$ 39,179	\$ 54,753
Net income (loss) attributable to equity holders of CPILP	\$ 34,455	\$ 55,529
Basic and diluted earning (loss) per unit, C\$	\$ 0.63	\$ 1.03
Distributions declared per unit, C\$	\$ 1.76	\$ 1.95
Total assets	\$ 1,588,352	\$ 1,673,059
Total long-term liabilities	\$ 878,632	\$ 858,317
Operating margin	\$ 191,530	\$ 209,621

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UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined statements of income (which we refer to as the pro forma financial statements) combine the historical consolidated financial statements of Atlantic Power and CPILP to illustrate the effect of the Plan of Arrangement. The pro forma financial statements were based on and should be read in conjunction with the:

accompanying notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements;

consolidated financial statements of Atlantic Power for the year ended December 31, 2010 and for the three months ended March 31, 2011 and the notes relating thereto, incorporated herein by reference; and

consolidated financial statements of CPILP for the year ended December 31, 2010 and for the three months ended March 31, 2011 and the notes relating thereto, elsewhere in this prospectus.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to Plan of Arrangement, (2) factually supportable and (3) with respect to the unaudited pro forma condensed combined consolidated statement of operations (which we refer to as the pro forma statement of operations), expected to have a continuing impact on the combined results. The pro forma statements of operations for the year ended December 31, 2010 and for the three months ended March 31, 2011, give effect to the Plan of Arrangement as if it occurred on January 1, 2010. The Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet (which we refer to as the pro forma balance sheet) as of March 31, 2011, gives effect to the Plan of Arrangement as if it occurred on March 31, 2011.

As described in the accompanying notes, the pro forma financial statements have been prepared using the acquisition method of accounting under existing United States generally accepted accounting principles, or GAAP, and the regulations of the SEC. Atlantic Power has been treated as the acquirer in the transaction for accounting purposes. The acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma financial statements are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined consolidated financial information. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying pro forma financial statements and the combined company's future results of operations and financial position.

The pro forma financial statements have been presented for informational purposes only and are not necessarily indicative of what the combined company's results of operations and financial position would have been had the transaction been completed on the dates indicated. In addition, the pro forma financial statements do not purport to project the future results of operations or financial position of the combined company.

Table of Contents**ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.****UNAUDITED PRO FORMA CONDENSED COMBINED****CONSOLIDATED STATEMENT OF OPERATIONS****For the Three Months Ended March 31, 2011****(in thousands, except per share data)**

	Atlantic Power Historical (unaudited)^(a)	CPILP Historical (unaudited)^{(a),(1)}	Pro Forma Adjustments^(b)	Pro Forma Combined
Project revenue:	\$ 53,665	\$ 128,332	\$ (8,873) ^(d)	\$ 173,124
Project expenses:				
Fuel	17,068	72,137	(6,294) ^(d)	82,911
Operations and maintenance	11,072	7,368	(4,992) ^(d)	13,448
Depreciation and amortization	10,879	23,026	8,566 ^{(c),(d),(e)}	42,471
	39,019	102,531	(2,720)	138,830
Project other income (expense):				
Change in fair value of derivative instruments	3,561	(472)	(7)	3,082
Equity in earnings of unconsolidated affiliates	1,311			1,311
Interest expense, net	(4,647)			(4,647)
Other expense, net	(2)			(2)
	223	(472)	(7)	(256)
Project income	14,869	25,329	(6,160)	34,038
Administrative and other expenses (income):				
Administration	4,054	5,342	(238) ^(d)	9,158
Interest expense, net	3,968	10,814	6,652 ^{(c),(f)}	21,434
Foreign exchange gain	(658)	(2,905)	(42)	(3,605)
	7,364	13,251	6,372	26,987
Income (loss) from operations before income taxes	7,505	12,078	(12,532)	7,051
Income tax expense (benefit)	1,523	140	(6,481) ^{(e),(i)}	(4,818)
Net income (loss)	5,982	11,938	(6,051)	11,869
Net (loss) income attributable to noncontrolling interest	(154)	3,527	52	3,425
Net income (loss) attributable to Atlantic Power Corporation/CPILP	\$ 6,136	\$ 8,411	\$ (6,103)	\$ 8,444
Net income (loss) per share attributable to Atlantic Power Corporation shareholders / CPILP unitholders:				
Basic	\$ 0.09	\$ 0.15	\$ (0.16)	\$ 0.08
Diluted	\$ 0.09	\$ 0.15	\$ (0.16)	\$ 0.08

(1)

The CPILP historical results are in recorded in Canadian dollars and are in accordance with IFRS.

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See accompanying Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, which are an integral part of these statements.

Table of Contents**ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.****UNAUDITED PRO FORMA CONDENSED COMBINED****CONSOLIDATED STATEMENT OF OPERATIONS****For the Year Ended December 31, 2010****(in thousands, except per share data)**

	Atlantic Power Historical (unaudited) ^(a)	CPILP Historical (unaudited) ^{(a),(1)}	Pro Forma Adjustments ^(b)	Pro Forma Combined
Project revenue:	\$ 195,256	\$ 524,569	\$ (49,840) ^(d)	\$ 669,985
Project expenses:				
Fuel	65,553	219,218	(27,387) ^{(c),(d)}	257,384
Operations and maintenance	31,237	114,164	(18,908) ^(d)	126,493
Depreciation and amortization	40,387	98,277	28,604 ^{(d),(e)}	167,268
	137,177	431,659	(17,691)	551,145
Project other income (expense):				
Change in fair value of derivative instruments	(14,047)	(11,421)	468	(25,000)
Equity in earnings of unconsolidated affiliates	15,288			15,288
Interest expense, net	(17,660)			(17,660)
Other expense, net	219			219
	(16,200)	(11,421)	468	(27,153)
Project income	41,879	81,489	(31,681)	91,687
Administrative and other expenses (income):				
Administration	16,149	13,945	(2,292) ^(d)	27,802
Interest expense, net	11,701	40,129	26,771 ^{(d),(f)}	78,601
Foreign exchange gain	(1,014)	(7,808)	234 ^(c)	(8,588)
Other (income)	(26)		(1,121) ^(d)	(1,147)
	26,810	46,266	23,592	96,668
Income (loss) from operations before income taxes	15,069	35,223	(55,273)	(4,981)
Income tax expense (benefit)	18,924	(9,384)	(25,656) ^{(e),(i)}	(16,116)
Net income (loss)	(3,855)	44,607	(29,617)	11,135
Net (loss) income attributable to noncontrolling interest	(103)	14,107	(407)	13,597
Net income (loss) attributable to Atlantic Power Corporation/CP	\$ (3,752)	\$ 30,500	\$ (29,210)	\$ (2,462)
Net income (loss) per share attributable to Atlantic Power Corporation shareholders/CPILP unitholders:				
Basic	\$ (0.06)	\$ 0.55	\$ (0.51)	\$ (0.02)
Diluted	\$ (0.06)	\$ 0.55	\$ (0.51)	\$ (0.02)

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(1)

The CPILP historical results are in recorded in Canadian dollars and are in accordance with Canadian GAAP.

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, which are an integral part of these statements.

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ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.

UNAUDITED PRO FORMA CONDENSED COMBINED

CONSOLIDATED BALANCE SHEET

As of March 31, 2011

(in thousands)

	Atlantic Power Historical (unaudited) ^(a)	CPILP Historical (unaudited) ^{(a)(1)}	Pro Forma Adjustments ^(b)	Pro Forma Combined
Assets				
Current assets:				
Cash and cash equivalents	\$ 28,258	\$	\$ 88,064 ^{(d),(f)}	\$ 116,322
Restricted cash	23,268			23,268
Accounts receivable	19,781	51,364	(1,581) ^(d)	69,564
Note receivable related party	17,671			17,671
Current portion of derivative instruments asset	9,340	10,859	315	20,514
Prepayments, supplies, and other	8,583	22,259	(6,470) ^(d)	24,372
Refundable income taxes	2,079			2,079
Total current assets	108,980	84,482	80,328	273,790
Property, plant, and equipment, net	284,018	936,621	30,553 ^{(c),(d),(e)}	1,251,192
Transmission system rights	186,171			186,171
Equity investments in unconsolidated affiliates	294,231	30,001	871	325,103
Other intangible assets, net	82,933	277,653	351,065 ^{(c),(e)}	711,651
Goodwill	12,453	42,733	422,776 ^{(c),(h)}	477,962
Derivative instruments asset	22,461	32,874	954	56,289
Deferred income taxes		24,858	19,991 ^{(c),(i)}	44,849
Other assets	16,554	39,278	7,668 ^{(c),(f)}	63,500
Total assets	\$ 1,007,801	\$ 1,468,500	\$ 914,206	\$ 3,390,507
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 22,857	\$ 58,420	\$ 23,876 ^{(c),(d),(g)}	\$ 105,153
Current portion of long-term debt	24,394			24,394
Current portion of derivative instruments liability	8,940	22,203	644	31,787
Interest payable on convertible debentures	3,759			3,759
Dividends payable	6,430			6,430
Other current liabilities	124	4,133	120	4,377
Total current liabilities	66,504	84,756	24,640	175,900
Long-term debt	240,692	660,996	448,628 ^{(c),(f)}	1,350,316
Convertible debentures	210,005			210,005
Derivative instruments liability	20,214	74,363	2,158	96,735
Deferred income taxes	31,632	16,298	125,159 ^{(c),(i)}	173,089
Other non-current liabilities	1,949	57,430	(23,804) ^{(c),(d)}	35,575
Equity				
Common shares	642,453	354,403	319,215 ^{(f),(j)}	1,316,071
Accumulated other comprehensive loss	527			527
Retained deficit	(209,528)		18,904 ^{(g),(i)}	(190,624)
Total shareholders' equity	433,452	354,403	338,119	1,125,974
Noncontrolling interest	3,353	220,254	(694) ^(c)	222,913
Total equity	436,805	574,657	337,425	1,348,887

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Total liabilities and equity	\$	1,007,801	\$	1,468,500	\$	914,206	\$	3,390,507
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(1)

The CPILP historical results are in recorded in Canadian dollars and are in accordance with IFRS.

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, which are an integral part of these statements.

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ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of the Transaction

On June 20, 2011, Atlantic Power, CPILP, the General Partner and CPI Investments entered into the Arrangement Agreement (as amended on July 25, 2011), which provides that Atlantic Power will acquire, directly or indirectly, all of the issued and outstanding CPILP units pursuant to a court-approved statutory Plan of Arrangement under the *Canada Business Corporations Act* (the "CBCA"). Under the terms of the Plan of Arrangement, CPILP unitholders will be permitted to exchange each of their CPILP units for, at their election, C\$19.40 in cash or 1.3 Atlantic Power common shares. All cash elections will be subject to proration if total cash elections exceed approximately C\$506.5 million and all share elections will be subject to proration if total share elections exceed approximately 31.5 million Atlantic Power common shares.

Pursuant to the Plan of Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power, for approximately C\$121 million. Additionally, in connection with the Plan of Arrangement, the management agreements between certain subsidiaries of Capital Power and CPILP and certain subsidiaries of CPILP will be terminated (or assigned to Atlantic Power) in consideration of a payment of C\$10 million. Atlantic Power will assume the management of CPILP and enter into a transitional services agreement with Capital Power for a term of up to 12 months following closing, which will facilitate the integration of CPILP into Atlantic Power.

Note 2. Basis of Pro Forma Presentation

The pro forma financial statements were derived from historical consolidated financial statements of Atlantic Power and CPILP. Certain reclassifications have been made to the historical financial statements of CPILP to conform with Atlantic Power's presentation. This resulted in income statement adjustments to operating revenues, operating expenses, other income and deductions and balance sheet adjustments to current assets, long term assets, current liabilities and other long term liabilities.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to the transaction, (2) factually supportable, and (3) with respect to the pro forma statement of operations, expected to have a continuing impact on the combined results. The following matters have not been reflected in the pro forma financial statements as they do not meet the aforementioned criteria.

Cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that could result from the transaction with CPILP. The timing and effect of actions associated with integration are currently uncertain.

A fair value adjustment for CPILP's pension and other postretirement benefit obligations. Atlantic Power management believes the actuarial assumptions and methods used to measure CPILP's obligations and costs for financial accounting purposes for 2010 and 2011 are appropriate in the circumstances. The final fair value determination of the pension and postretirement benefit obligations may differ materially, largely due to potential changes in discount rates, return on plan assets up to the date of completion of the transaction and the conforming of certain Atlantic Power and CPILP assumptions surrounding the determination of these obligations.

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ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Basis of Pro Forma Presentation (Continued)

The pro forma financial statements were prepared using the acquisition method of accounting under GAAP and the regulations of the SEC. Atlantic Power has been treated as the acquirer in the transaction for accounting purposes. Acquisition accounting requires, among other things, that most assets acquired and liabilities assumed be recognized at fair value as of the acquisition date. In addition, acquisition accounting establishes that the consideration transferred be measured at the closing date of the transaction at the then-current market price. Since acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement, the pro forma financial statements are preliminary and have been prepared solely for the purpose of providing unaudited pro forma condensed combined consolidated financial information. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying pro forma financial statements and the combined company's future results of operations and financial position.

Note 3. Significant Accounting Policies

Based upon Atlantic Power's initial review of CPILP's summary of significant accounting policies, as disclosed in the CPILP consolidated historical financial statements elsewhere in this prospectus, as well as on preliminary discussions with CPILP's management, the pro forma combined consolidated financial statements assume there will be significant adjustments necessary to conform CPILP's accounting policies under International Financial Reporting Standards ("IFRS") to Atlantic Power's accounting policies under U.S. GAAP. Upon completion of the transaction and a more comprehensive comparison and assessment, differences may be identified that would necessitate changes to CPILP's future accounting policies and such changes could result in material differences in future reported results of operations and financial position for CPILP as compared to historically reported amounts.

Table of Contents**ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.****NOTES TO THE UNAUDITED PRO FORMA CONDENSED****COMBINED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 4. Estimated Purchase Price and Preliminary Purchase Price Allocation**

Atlantic Power is proposing to acquire all of the outstanding units of CPILP for a combination of either C\$19.40 in cash or 1.3 Atlantic Power shares per CPILP unit. The purchase price for the business combination is estimated as follows (in thousands except conversion ratio and share price):

Fair value of consideration transferred:	
Cash	\$ 521,632
Equity	483,718
 Total estimated purchase price	 1,005,350
Preliminary purchase price allocation	
Working capital	\$ (4,320)
Property, plant and equipment	967,174
Intangibles	628,718
Other long-term assets	135,689
Long-term debt	(684,624)
Other long-term liabilities	(110,147)
Deferred tax liability	(173,089)
 Total identifiable net assets	 759,401
Noncontrolling interest	(219,560)
Goodwill	465,509

Total estimated purchase price 1,005,350

The preliminary purchase price was computed using CPILP's outstanding units as of June 30, 2011, adjusted for the exchange ratio. The preliminary purchase price reflects the market value of Atlantic Power's common stock to be issued in connection with the transaction based on the closing price of Atlantic Power's common stock on June 30, 2011.

The allocation of the preliminary purchase price to the fair values of assets acquired and liabilities assumed includes pro forma adjustments to reflect the fair values of CPILP's assets and liabilities at the time of the completion of the transaction. The final allocation of the purchase price could differ materially from the preliminary allocation used for the Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet primarily because power market prices, interest rates and other valuation variables will fluctuate over time and be different at the time of completion of the transaction compared to the amounts assumed in the pro forma adjustments.

Note 5. Pro Forma Adjustments to Financial Statements

The pro forma adjustments included in the pro forma financial statements are as follows:

(a)

Atlantic Power and CPILP historical presentation Based on the amounts reported in the consolidated statements of operations and balance sheets of Atlantic Power and CPILP for the year ended December 31, 2010 and for the three months ended and as of March 31, 2011. Certain financial statement line items included in CPILP's historical presentation have been reclassified to corresponding line items included in Atlantic Power's historical presentation. These reclassifications had no impact on the historical operating income, net income from continuing operations or partners' equity reported

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ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Pro Forma Adjustments to Financial Statements (Continued)

by CPILP. The adjustments to total assets and liabilities were not material to CPILP's balance sheet.

(b)

CPILP conversion to U.S. dollars Based on the amounts reported in the historical consolidated statements of operations of CPILP for the year ended December 31, 2010 and for the three months ended March 31, 2011, the amounts have been converted from Canadian dollars to U.S. dollars using average exchange rates for the applicable periods. For the historical consolidated balance sheet as of March 31, 2011, the amounts have been converted from Canadian dollars to U.S. dollars using ending exchange rates for that period. The adjustments to total assets, total liabilities, revenues and expenses were not material to CPILP's consolidated balance sheet and income statements.

(c)

CPILP conversion to U.S. GAAP Based on the amounts reported in the consolidated statements of operations and balance sheets of CPILP for the year ended December 31, 2010 and for the three months ended and as of March 31, 2011. Certain financial statement line items included in CPILP's historical presentation have been reclassified or adjusted to conform to U.S. GAAP presentation. For the three months ended March 31, 2011, the CPILP statements conform to the IFRS and for the year ended December 31, 2010 the CPILP statements conform to Canadian GAAP. The adjustments to total assets, total liabilities, revenues and expenses were not material to CPILP's consolidated balance sheet and income statements.

(d)

CPILP exclusion of the North Carolina Plants CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power. Based on the amounts reported in the historical consolidated statements of operations and balance sheets of CPILP for the year ended December 31, 2010 and for the three months ended and as of March 31, 2011, the following amounts have been excluded from the unaudited pro forma condensed combined consolidated financial statements:

	Three months ended March 31, 2011	Year ended December 31, 2010
Project revenue	\$ 10,755	\$ 34,726
Project expenses		
Fuel	7,352	24,816
Project operations and maintenance	5,100	15,916
Depreciation and amortization	2,338	8,936
	14,790	49,668
Project income	(4,035)	(14,942)
Administration	474	3,438
Net loss	\$ (4,509)	\$ (18,380)

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ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Pro Forma Adjustments to Financial Statements (Continued)

	As of March 31, 2011
Assets	
Current assets:	
Accounts receivable	\$ 3,071
Prepayments, supplies, and other	7,116
Total current assets	10,187
Property, plant, and equipment, net	103,941
Total assets	\$ 114,128
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 5,774
Other non-current liabilities	5,459
Equity	
Retained earnings	102,895
Total liabilities and equity	\$ 114,128

(e)

Power Purchase Agreements and Plants The pro forma balance sheet includes pro forma adjustments to reflect the fair value of CPILP's power contracts (including those designated as "normal purchases normal sales") recorded to intangible assets and additional fair value of plants in the amounts of \$343.0 million and \$68.3 million, respectively. The pro forma statements of operations include pro forma adjustments to reflect the increase in expense resulting from the amortization of the valuation adjustment related to CPILP's intangibles and the depreciation of the plants of \$10.1 million and \$40.4 million for the three months ended March 31, 2011 and the year ended December 31, 2010, respectively. The pro forma estimated annual amortization for the power contracts is \$38.1 million based on the timing and fair value of the underlying contracts. This estimate is preliminary, subject to change and could vary materially from the actual adjustments at the time the transaction is completed, driven by various factors including changes in energy commodity prices and fuel prices.

(f)

Debt and Equity issuance The pro forma balance sheet includes a pro forma adjustment of \$425.0 million to reflect Atlantic Power's proceeds from third-party debt and proceeds of \$200.0 million from the issuance of 13.1 million common shares. The assumptions for the \$425.0 million debt facility would include a term of 5 years at 6.00% per annum. The proceeds from the debt and equity offering will be used to pay the CPILP unitholders the cash portion of the purchase price. The debt and equity amounts are offset by \$11.7 million and \$10.1 million of transaction costs classified as deferred financing costs and a reduction of common stock, respectively. The pro forma statements of operations include pro forma adjustments to reflect the net incremental interest expense resulting from the new debt and amortization of deferred financing costs of \$7.0 million and \$27.8 million for the three months ended March 31, 2011 and the year ended December 31, 2010, respectively.

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ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED

COMBINED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Pro Forma Adjustments to Financial Statements (Continued)

- (g) *Transaction Costs* The pro forma balance sheet includes a pro forma adjustment to accounts payable and accrued liabilities to reflect estimated transaction costs of \$25.7 million. The transaction costs have been excluded from the pro forma statements of operations as they reflect non-recurring charges not expected to have a continuing impact on the combined results.
- (h) *Goodwill* The pro forma balance sheet includes a preliminary estimate of the allocation of the excess of the purchase price paid over the fair value of CPILP's identifiable assets acquired and liabilities assumed. The estimated purchase price of the transaction, based on the closing price of Atlantic Power's common stock on the NYSE on June 30, 2011, is \$1,005.0 million, and the excess purchase price over the fair value of the identifiable net assets acquired is \$465.5 million.
- (i) *Deferred Tax Assets and Liabilities:* The pro forma balance sheet includes a preliminary estimated deferred tax asset impact of \$40.6 million to deferred taxes. This adjustment reflects the estimated deferred tax impacts of the acquisition on the balance sheet, primarily related to the reversal of the Atlantic Power's valuation allowance associated with its Canadian accumulated net operating losses as of June 30, 2011. For purposes of the unaudited pro forma condensed combined consolidated financial statements, deferred taxes are provided at the Canadian enacted statutory rate of 25%. This rate does not reflect Atlantic Power's effective tax rate, which includes other tax items, such as non-deductible items, as well as other tax charges or benefits, and does not take into account any historical or possible future tax events that may impact the combined company. When the transaction is completed and additional information becomes available, it is likely the applicable income tax rate will change.
- The \$125,159 deferred tax liability adjustment reflects the estimated deferred tax liability impact of the acquisition on the balance sheet, primarily related to estimated fair value adjustments for acquired tangible and intangible assets. For purposes of the unaudited pro forma condensed combined consolidated financial information, deferred taxes are provided at Atlantic Power's deferred tax rate of 33%, which includes the U.S. federal statutory income tax rate plus the Canadian statutory income tax rate. This rate does not reflect Atlantic Power's effective tax rate, which includes other tax items, such as state taxes, as well as other tax charges or benefits and does not take into account any historical or possible future tax events that may impact the combined company. When the transaction is completed and additional information becomes available, it is likely the applicable income tax rate will change.
- (j) *Common Stock Shares outstanding* Reflects the elimination of the CPILP units offset by issuance of 31.5 million shares of Atlantic Power common stock as part of purchase price and the issuance of 13.1 million shares of Atlantic Power common stock in new equity. The pro forma weighted average number of basic shares outstanding is calculated by adding these additional share issuances to Atlantic Power's weighted average number of basic shares of common stock outstanding for the three months

Table of Contents**ATLANTIC POWER CORPORATION AND CAPITAL POWER INCOME L.P.****NOTES TO THE UNAUDITED PRO FORMA CONDENSED****COMBINED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 5. Pro Forma Adjustments to Financial Statements (Continued)**

ended March 31, 2011 or the year ended December 31, 2010. The following table illustrates these computations (in thousands):

	Three months ended March 31, 2011	Year ended December 31, 2010
Atlantic Power's basic shares outstanding	67,654	61,706
Additional shares issued to CPILP unit holders	31,500	31,500
Additional shares on new equity issuance	13,141	13,141
Basic shares outstanding	112,295	106,347
Dilutive potential shares		
Convertible debentures	14,809	12,339
LTIP notional units	517	542

Potentially dilutive shares 127,621 119,228

Potentially dilutive shares from convertible debentures have been excluded from fully dilutive shares for the three months ended March 31, 2011 and for the year ended December 31, 2010 because their impact would be anti-dilutive.

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ACQUISITION OF CPILP

The Arrangement Agreement and Plan of Arrangement

On June 20, 2011, we entered into an Arrangement Agreement, as amended effective July 25, 2011, with CPILP, a publicly traded Canadian limited partnership, CPILP's general partner and CPI Investments Inc., a holding company that owns 100% of the shares of the general partner and, together with the CPILP units held by the general partner, 29.18% of the outstanding CPILP units. An affiliate of Capital Power Corporation, a Canadian public company, holds a 49% voting interest and a 100% economic interest in CPI Investments Inc. and EPCOR Utilities Inc. holds the other 51% voting interest. The Arrangement Agreement provides that we will acquire, directly or indirectly, all of the issued and outstanding CPILP units pursuant to a plan of arrangement under the Canada Business Corporation Act. Under the terms of the Plan of Arrangement, CPILP unitholders will be permitted to exchange each of their CPILP units for, at their election, C\$19.40 in cash or 1.3 Atlantic Power common shares. All cash elections will be subject to proration if total cash elections exceed approximately C\$506.5 million and all share elections will be subject to proration if total share elections exceed approximately 31.5 million Atlantic Power common shares.

Under the Plan of Arrangement, we will indirectly acquire the 16,513,504 CPILP units held by CPI Investments Inc. and CPILP's general partner through the acquisition of all of the outstanding shares of CPI Investments Inc. on effectively the same basis as the acquisition of CPILP units under the Plan of Arrangement.

Atlantic Power shareholders will continue to hold our existing common shares after the Plan of Arrangement. Based on the number of Atlantic Power common shares expected to be outstanding immediately prior to the effective date of the Plan of Arrangement, and excluding the common shares to be offered sold in this offering, we estimate that upon completion of the Plan of Arrangement current Atlantic Power shareholders will own approximately 70% of the combined company and former CPILP unitholders will own approximately 30% of the combined company, in each case on a fully-diluted basis.

Pursuant to the Plan of Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power Corporation, a publicly-traded Canadian company, for approximately C\$121.4 million. Additionally, in connection with the Plan of Arrangement, the management agreements between certain subsidiaries of Capital Power Corporation and CPILP and certain of its subsidiaries will be terminated (or assigned) in consideration of a payment of C\$10.0 million. Atlantic Power or its subsidiaries will assume the management of CPILP and intends to enter into a transitional services agreement with Capital Power Corporation for a term of up to 12 months following the completion of the Plan of Arrangement, which will facilitate the integration of CPILP into Atlantic Power.

The Arrangement Agreement contains customary representations, warranties and covenants. Among these covenants, CPILP and its affiliates have each agreed not to solicit alternative transactions, except that CPILP may respond to an alternative transaction proposal that constitutes, or would reasonably be expected to lead to, a superior proposal. In addition, we or CPILP may be required to pay a C\$35.0 million fee if the Arrangement Agreement is terminated in certain circumstances.

Completion of the Plan of Arrangement is conditioned upon the receipt of certain governmental authorizations, consents, orders or other approvals, including but not limited to approval under the *Investment Canada Act*, the *Competition Act* (Canada), the *Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended* (United States) and the *United States Federal Power Act*. The Plan of Arrangement must also be approved by the Court of Queen's Bench of Alberta and both our shareholders and CPILP's unitholders. We currently expect to complete the Plan of Arrangement in the fourth quarter of 2011, subject to receipt of required shareholder/unitholder, court and regulatory

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approvals and the satisfaction or waiver of the financing and other conditions contained in the Arrangement Agreement. However, we cannot be certain that our acquisition of CPILP will be completed. See "Risks Related to the Plan of Arrangement."

A copy of the Arrangement Agreement, including the Plan of Arrangement, is included as an exhibit to our Current Report on Form 8-K filed with the Securities and Exchange Commission on June 24, 2011, which is incorporated by reference into this prospectus. The foregoing description of the proposed transaction and the Arrangement Agreement does not purport to be complete and is qualified in its entirety by reference to such exhibit.

The terms of the Arrangement Agreement are the result of arm's length negotiation between the parties and their respective advisors. Effective July 25, 2011, the Arrangement Agreement was amended to account for our receiving the written commitment of a Canadian chartered bank and another financial institution to structure, arrange, underwrite and syndicate a senior secured credit facility in the amount of \$625 million, the termination of a commitment regarding certain bridge loans that we had entered into at the time of entering into the Arrangement Agreement and the correction of certain other references.

Reasons for the Arrangement Agreement and Plan of Arrangement

At a meeting held on June 19, 2011, our Board of Directors unanimously determined that the Arrangement Agreement and the transactions contemplated thereby, including the issuance of Atlantic Power common shares to CPILP unitholders necessary to complete the Plan of Arrangement, are in the best interests of Atlantic Power and is fair to its stakeholders. In reaching these determinations, our Board of Directors consulted with our management and legal, financial and other advisors, and also considered numerous factors, including the strategic and financial benefits of the Plan of Arrangement and other factors, which our Board of Directors viewed as supporting its decision.

The strategic benefits that our Board of Directors believes should result from the combination of Atlantic Power and CPILP include, among other things, the following:

Atlantic Power will become a leading publicly-traded power generation and infrastructure company, with a larger and more diversified portfolio of contracted power generation assets in the United States and Canada;

the transaction will combine Atlantic Power's proven management team with CPILP's highly qualified operations, maintenance, commercial management, accounting, human resources, legal and other personnel;

Atlantic Power's market capitalization and enterprise value are expected to increase significantly, which is expected to add liquidity and enhance access to capital to fuel the long term growth of Atlantic Power's asset base throughout North America;

the combination will expand and diversify Atlantic Power's asset portfolio to include projects in Canada and regions of the United States where we do not currently have a presence;

our enhanced geographic diversification is anticipated to lead to additional growth opportunities in those regions in which we did not previously operate; and

the transaction will further diversify the fuel types used by Atlantic Power's projects to include additional hydro, biomass and natural gas.

Our Board of Directors also believes that the combination of Atlantic Power and CPILP will result in significant financial benefits to Atlantic Power's shareholders. These financial benefits include:

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upon completion of the Plan of Arrangement, our Board of Directors anticipates being able to increase dividends by 5%, from C\$1.094 to C\$1.15 per share on an annual basis;

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the transaction is expected to strengthen Atlantic Power's dividend sustainability for the foreseeable future with immediate accretion to cash available for distribution;

the transaction is expected to result in a significant improvement in Atlantic Power's dividend payout ratio starting in 2012;

the transaction extends Atlantic Power's average PPA term from 8.8 to 9.1 years and enhances the credit quality of Atlantic Power's power off-takers; and

following completion of the Plan of Arrangement, we expect to benefit from cost savings attributable to synergies from combining the two entities and eliminating the public company reporting costs for CPILP.

Financing Transactions

We intend to use the net proceeds from this offering to pay a portion of the cash consideration required under the Plan of Arrangement and related fees and expenses. We plan to fund the remainder of the cash consideration payable by us under the Plan of Arrangement, including related fees and expenses, with the net proceeds from a senior unsecured notes offering and/or drawings under a \$625 million senior secured credit facility, each as described below.

Under a separate offering memorandum, we may offer \$ million of our senior unsecured notes due , pursuant to Rule 144A and Regulation S under the Securities Act. The completion of this offering of common shares is not subject to the completion of an offering of senior unsecured notes and the completion of an offering of senior unsecured notes will not be subject to the completion of this offering. No assurance can be given that a notes offering will be commenced or completed or, if completed, as to the final terms of the notes offering.

We do not intend to register any notes offering under the Securities Act or the securities laws of any other jurisdiction, and notes may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any such notes will be offered only to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. This description and other information regarding a notes offering is included in this prospectus solely for information purposes. Nothing in this prospectus should be construed as an offer to sell, or the solicitation of an offer to buy, any notes.

We have received the written commitment of a Canadian chartered bank and another financial institution to structure, arrange, underwrite and syndicate a senior secured credit facility in the amount of \$625 million in order to finance the cash consideration payable by us under the Plan of Arrangement. Funding under this facility is subject to certain conditions, including, without limitation, that there shall not have occurred a material adverse effect with respect to Atlantic Power, CPILP, CPI Income Services Ltd. and CPI Investments Inc. taken as a whole.

About Atlantic Power

We own and operate a diverse fleet of power generation and infrastructure assets in the United States. Our generation projects sell electricity to utilities and other large commercial customers under long-term power purchase agreements, which seek to minimize exposure to changes in commodity prices. Our power generation projects in operation have an aggregate gross electric generation capacity of approximately 1,948 MW, in which our ownership interest is approximately 871 MW. Our current portfolio consists of interests in 12 operational power generation projects across nine states, one biomass project under construction in Georgia, and a 500 kilovolt 84-mile electric transmission line located in California. We also own a majority interest in Rollcast Energy, a biomass power plant developer with several projects under development. Six of our projects are wholly-owned subsidiaries:

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Lake Cogen, Ltd., Pasco Cogen, Ltd., Auburndale Power Partners, L.P., Cadillac Renewable Energy, LLC, Piedmont Green Power, LLC and Atlantic Path 15, LLC. Our common shares trade on the NYSE under the symbol "AT" and on the TSX under the symbol "ATP."

About CPILP

CPILP's primary business is the ownership and operation of power plants in Canada and the United States, which generate electricity and steam, from which it derives its earnings and cash flows. CPILP's generation projects sell electricity to utilities and other large commercial customers under long-term PPAs, which seek to minimize exposure to changes in commodity prices. At present, CPILP's portfolio consists of 19 wholly-owned power generation assets located in both Canada (in the provinces of British Columbia and Ontario) and the United States (in the states of California, Colorado, Illinois, New Jersey, New York and North Carolina), a 50.15% interest in a power generation asset in Washington State, and a 14.3% common equity interest in Primary Energy Recycling Holdings LLC. CPILP's assets have a total net generating capacity of 1,400 MW and more than four million pounds per hour of thermal energy. The CPILP units trade on the TSX under the symbol "CPA.UN."

CPILP's power projects generate electricity and steam from a combination of natural gas, waste heat, wood waste, water flow, coal and tire-derived fuel. CPILP's Canadian operations consist of:

four natural gas-fired plants with a combined generating capacity of 163 MW;

two biomass, wood waste plants with a combined generating capacity of 101 MW; and

two hydroelectric facilities with a combined generating capacity of 56 MW.

CPILP's United States operations consist of:

two natural gas-fired plants with a combined generating capacity of 425 MW;

seven natural gas-fired CHP plants, three of which can also use distillate fuel, with a combined generating capacity of 440 MW and steam generating capacity of 2,537 mlbs/hr;

two wood waste, tire-derived fuel and coal CHP plants with a maximum combined generating capacity of 155 MW and steam generating capacity of 1,620 mlbs/hr; and

a hydroelectric plant with a total generating capacity of 60 MW.

Pursuant to the Plan of Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power Corporation, a publicly-traded Canadian company, for approximately C\$121.4 million.

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The following tables summarize each of CPILP's power plants in each of Canada and the United States, and their respective operating characteristics (other than the Roxboro and Southport facilities):

Project Name	Location	Type	Total MW	Economic Interest	Electric Purchaser	Contract Expiry	S&P Credit Rating
Calstock	Ontario	Biomass	40	100%	Ontario Electricity Financial Corp	2020	AA
Kapuskasing	Ontario	Natural Gas	62	100%	Ontario Electricity Financial Corp	2017	AA
Nipigon	Ontario	Natural Gas	44	100%	Ontario Electricity Financial Corporation	2012 ⁽¹⁾	AA
North Bay	Ontario	Natural Gas	64	100%	Ontario Electricity Financial Corporation	2017	AA
Tunis	Ontario	Natural Gas	69	100%	Ontario Electricity Financial Corporation	2014	AA
Mamquam	British Columbia	Hydro	52	100%	British Columbia Hydro and Power Authority	2027 ⁽²⁾	AA
Moresby Lake	British Columbia	Hydro	6	100%	British Columbia Hydro and Power Authority	2022	AA
Williams Lake	British Columbia	Biomass	68	100%	British Columbia Hydro and Power Authority	2018	AA
Frederickson	Washington	Natural Gas	249	50% ⁽³⁾	3 Public Utility Districts (PUDs) ⁽⁴⁾	2022	A
Greeley	Colorado	Natural Gas	101	100%	Public Service Company of Colorado	2013	BBB+
Manchief	Colorado	Natural Gas	301	100%	Public Service Company of Colorado	2022 ⁽⁵⁾	BBB+
Naval Station	California	Natural Gas	54	100%	San Diego Gas & Electric	2019	A+
Naval Training Centre	California	Natural Gas	28	100%	San Diego & Electric	2019	A+
North Island	California	Natural Gas	51	100%	San Diego & Electric	2019	A+
Oxnard	California	Natural Gas	49	100%	Southern California Edison	2020	BBB+
Curtis Palmer	New York	Hydro	60	100%	Niagara Mohawk	2027	A-
Kenilworth	New Jersey	Natural Gas	30	100%	Schering	&nb	