

ATLANTIC POWER CORP
Form PREM14A
July 25, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

ATLANTIC POWER CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
Common Stock, no par value, of Atlantic Power Corporation
- (2) Aggregate number of securities to which transaction applies:

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31,500,221 shares, being the maximum number of shares of Common Stock issuable upon consummation of the business combination transaction described herein.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
\$16.16 (estimated based on the average of the high and low prices of the Common Stock as reported on the New York Stock Exchange on July 19, 2011, solely for purposes of calculation of the filing fee).

(4) Proposed maximum aggregate value of transaction:
\$509,043,571

(5) Total fee paid:
\$59,100

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION DATED JULY 25, 2011

PROPOSED BUSINESS COMBINATION YOUR VOTE IS VERY IMPORTANT

On behalf of the boards of directors of Atlantic Power Corporation ("**Atlantic Power**") and of CPI Income Services Ltd., the general partner of Capital Power Income L.P. ("**CPILP**"), we send to you this management proxy circular and joint proxy statement that describes the proposed statutory plan of arrangement ("**Plan of Arrangement**") and related transactions whereby Atlantic Power will acquire, directly and indirectly, all of the outstanding limited partnership units of CPILP (the "**Arrangement**").

CPILP unitholders will be permitted to exchange each of their limited partnership units for, at their election, C\$19.40 in cash or 1.3 Atlantic Power common shares, subject to proration if total cash elections exceed approximately C\$506.5 million or share elections exceed approximately 31.5 million Atlantic Power common shares. Based on the current number of Atlantic Power common shares outstanding (and specifically excluding any common shares of Atlantic Power that may be issued to finance the cash portion of the purchase price), the existing Atlantic Power shareholders will own approximately 70% of the combined company and former CPILP unitholders will own approximately 30%.

Based on the closing price of the Atlantic Power common shares on the Toronto Stock Exchange ("**TSX**") of C\$ on , 2011, the transaction values CPILP at approximately C\$ billion or C\$ per unit. This represents a premium of approximately % over CPILP's -day volume-weighted average trading price on the TSX through June 17, 2011, the last trading day prior to the public announcement by Atlantic Power and CPILP of their proposed strategic combination.

Capital Power Corporation ("**Capital Power**") and EPCOR Utilities Inc. ("**EPCOR**"), the direct and indirect holders of all of the issued and outstanding shares of CPI Investments Inc., which directly and indirectly holds an aggregate of approximately 29% of the outstanding limited partnership units of CPILP, have entered into agreements with Atlantic Power pursuant to which they each have agreed to support the Arrangement. In addition, in connection with completion of the Arrangement, CPILP will sell its Roxboro and Southport facilities located in North Carolina to an affiliate of Capital Power and the management agreements between Capital Power and CPILP will be terminated (or assigned to Atlantic Power).

The transactions are subject to, among other things, certain approvals by the shareholders of Atlantic Power and the unitholders of CPILP. Specifically, at special meetings expected to be held on 2011, Atlantic Power shareholders will be asked to approve an ordinary resolution that authorizes the issuance of the common shares of Atlantic Power necessary to complete the Arrangement and CPILP unitholders will be asked to approve a special resolution that authorizes the Arrangement, the Plan of Arrangement and certain other steps required to complete the Arrangement. The text of the resolutions are set forth in Annex F and G to this management proxy circular and joint proxy statement, respectively.

The Atlantic Power board of directors unanimously recommends that the Atlantic Power shareholders vote "FOR" the ordinary resolution to issue the common shares necessary to complete the Arrangement.

The board of directors of CPI Income Services Ltd., the general partner of CPILP, unanimously recommends that the CPILP unitholders vote "FOR" the special resolution to approve the Arrangement, the Plan of Arrangement and certain other steps required to complete the Arrangement.

Your vote is very important, regardless of the number of shares or units you own. Whether or not you expect to attend the Atlantic Power or CPILP special meeting in person, please vote your shares or units as promptly as possible so that they may be represented and voted at the applicable special meeting.

If you are unable to attend the Atlantic Power special meeting in person, please complete, date and sign the accompanying form of proxy (printed on paper) and return it, in the envelope provided to Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it is received not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time fixed for holding the Atlantic Power special meeting or any adjournments or postponements thereof.

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If you are unable to attend the CPILP special meeting in person, please complete, date and sign the accompanying form of proxy (printed on paper) and return it, in the envelope provided to Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it is received not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time fixed for holding the CPILP special meeting or any adjournments or postponements thereof.

We also encourage all registered CPILP unitholders to complete and return the enclosed letter of transmittal and election form (printed on paper) ("**Letter of Transmittal and Election Form**"), together with the certificate(s) representing your CPILP units, to Computershare Investor Services Inc. (the "**Depositary**") at the address specified in the Letter of Transmittal and Election Form. The Letter of Transmittal and Election Form contains procedural information relating to the Plan of Arrangement and should be reviewed carefully. To make a valid election as to the form of consideration that you wish to receive under the Plan of Arrangement (subject to proration), you must sign and return, if applicable, the Letter of Transmittal and Election Form and make a proper election thereunder and return it with accompanying CPILP unit certificate(s) to the Depositary prior to 5:00 p.m. (Mountain time) on , 2011, or, if the CPILP meeting is adjourned or postponed, such time on the third business day immediately prior to the date of such adjourned or postponed meeting (the "**Election Deadline**"). If you fail to make a proper election prior to the Election Deadline you will be deemed to have elected to receive Atlantic Power shares in respect of all of your CPILP units.

If you are a non-registered holder of CPILP units or Atlantic Power shares and have received these materials through your broker, investment dealer or other intermediary, please follow the instructions provided by such broker, investment dealer or other intermediary to ensure that your vote is counted and, in the case of CPILP unitholders, for instructions and assistance in delivering your certificate(s) representing those units and, if applicable, making an election with respect to the form of consideration you wish to receive.

More information about Atlantic Power, CPILP and the transaction, including other conditions, is contained in this management proxy circular and joint proxy statement. You should read this entire management proxy circular and joint proxy statement carefully, including the section entitled "Risk Factors" beginning on page 22. If you have any questions with regard to the procedures for voting or completing your transmittal documentation, please contact , our proxy solicitation agent, by telephone at toll-free or by e-mail at .

We look forward to the successful combination of Atlantic Power and CPILP and thank you for your ongoing support as we prepare to take this important step in creating a leading North American contracted power generation platform.

Sincerely,

Barry E. Welch
President and Chief Executive Officer
Atlantic Power Corporation

Stuart A. Lee
President
CPI Income Services Ltd.,
as General Partner of CPILP

Neither the Securities and Exchange Commission nor any state securities commission nor any Canadian securities regulator has approved or disapproved of the securities to be issued under this management proxy circular and joint proxy statement or determined that this management proxy circular and joint proxy statement is accurate or complete. Any representation to the contrary is a criminal offense.

This management proxy circular and joint proxy statement is dated , 2011 and is first being mailed to the shareholders of Atlantic Power and the unitholders of CPILP on or about , 2011.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting of the holders of common shares of Atlantic Power Corporation will be held at the King Edward Hotel, _____, 37 King Street East, Toronto, Ontario on _____, the _____ day of _____, 2011 at the hour of _____ a.m. (Toronto time) for the following purposes:

1. to consider, and if thought advisable, to approve, with or without variation, an ordinary resolution, the full text of which is set forth in Annex F to the accompanying management proxy circular and joint proxy statement, dated _____, 2011 authorizing Atlantic Power to issue such number of common shares in the capital of Atlantic Power as is necessary to complete the Arrangement, being 1.3 Atlantic Power common shares for each CPILP unit to a maximum of 31,500,221 Atlantic Power common shares pursuant to the terms of the arrangement agreement dated June 20, 2011 among Capital Power Income L.P., CPI Income Services Ltd., CPI Investments Inc. and Atlantic Power (the "**Arrangement Agreement**"), a copy of which is included as Annex A to the accompanying management proxy circular and joint proxy statement (all as more particularly described in the accompanying management proxy circular and joint proxy statement) (the "**Share Issuance Resolution**"); and
2. to transact such further or other business as may properly come before the Atlantic Power special meeting or any adjournments or postponements thereof.

An "ordinary resolution" is a resolution passed by at least a majority of the votes cast by the Atlantic Power shareholders who voted in respect of that resolution at the Atlantic Power special meeting.

Only Atlantic Power common shareholders of record at the close of business on _____, 2011 are entitled to notice of and to attend the Atlantic Power special meeting or any adjournments or postponements thereof and to vote at the Atlantic Power special meeting. No person who becomes an Atlantic Power common shareholder after such date shall be entitled to receive notice of and vote at the Atlantic Power special meeting or any adjournment or postponement thereof.

The accompanying management proxy circular and joint proxy statement provides additional information relating to the matters to be dealt with at the Atlantic Power special meeting and forms part of this notice.

Your vote is important. Whether or not you expect to attend in person, we urge you to authorize a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Atlantic Power special meeting.

If you are unable to attend the Atlantic Power special meeting in person, please complete, date and sign the accompanying form of proxy and return it, in the envelope provided, to Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it is received by Computershare Trust Company of Canada not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time fixed for holding the Atlantic Power special meeting or any adjournments or postponements thereof or by the chairman of the meeting prior to the commencement of the meeting or any adjournments or postponements thereof. The instrument appointing a proxy shall be in writing and shall be executed by the Atlantic Power common shareholder or the Atlantic Power common shareholder's attorney authorized in writing or, if the Atlantic Power common shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

If you have any questions about the information contained in this document or require assistance in completing your proxy card, please contact Atlantic Power's proxy solicitor, _____, toll free at _____.

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE MEETING**

This management proxy circular and joint proxy statement is available at www.atlanticpower.com under "INVESTORS Securities Filings."

DATED at Toronto, Ontario this day of , 2011.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ IRVING GERSTEIN

Irving Gerstein
Chair of the Board of Directors
Atlantic Power Corporation

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NOTICE OF SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to an interim order of the Court of Queen's Bench of Alberta dated _____, 2011 ("Interim Order"), a special meeting of the holders of limited partnership units of Capital Power Income L.P. will be held at _____ at _____ a.m. (Edmonton time) on _____, 2011 for the following purposes:

1. to consider, and, if thought advisable, to pass, with or without variation, pursuant to the Interim Order, an extraordinary resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Annex G to the accompanying management proxy circular and joint proxy statement dated _____, 2011, to approve an arrangement under section 192 of the *Canada Business Corporations Act* (all as more particularly described in the accompanying management proxy circular and joint proxy statement); and
2. to transact such further and other business as may properly come before the CPILP special meeting or any adjournments or postponements thereof.

As an "extraordinary resolution," the Arrangement Resolution must be passed by not less than 66²/₃% of the votes cast by the CPILP unitholders, in person or by proxy, at the CPILP special meeting. The Arrangement Resolution must also be passed by not less than a simple majority of the vote cast by the CPILP unitholders, in person or by proxy, at the CPILP special meeting after excluding those votes required to be excluded by the minority approval provisions of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

Only CPILP unitholders of record at the close of business on _____, 2011 are entitled to notice of and to attend the CPILP special meeting or any adjournments or postponements thereof and to vote at the CPILP special meeting. No person who becomes a CPILP unitholder after such date shall be entitled to receive notice of and vote at the CPILP special meeting or any adjournment or postponement thereof.

The accompanying management proxy circular and joint proxy statement accompanying this notice provides additional information relating to the matters to be dealt with at the CPILP special meeting and is incorporated into and forms part of this notice.

Your vote is important. Whether or not you expect to attend in person, we urge you to authorize a proxy to vote your CPILP units as promptly as possible so that your CPILP units may be represented and voted at the CPILP special meeting.

If you are unable to attend the CPILP special meeting in person, please complete, date and sign the accompanying form of proxy and return it, in the envelope provided to Computershare Trust Company of Canada, Proxy Department, 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so that it is received by Computershare Trust Company of Canada not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time fixed for holding the CPILP special meeting or any adjournments or postponements thereof. The instrument appointing a proxy shall be in writing and shall be executed by the CPILP unitholder or the CPILP unitholder's attorney authorized in writing or, if the CPILP unitholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

If you have any questions about the information contained in this document or require assistance in completing your proxy card, please contact CPILP's proxy solicitor, _____, toll free at _____.

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DATED at Edmonton, Alberta this day of , 2011.

**BY ORDER OF THE BOARD OF DIRECTORS OF CPI
INCOME SERVICES LTD., AS GENERAL PARTNER OF
CAPITAL POWER INCOME L.P.**

/s/ BRIAN T. VAASJO

Brian T. Vaasjo
Chairman
CPI Income Services Ltd.
as General Partner of CPILP

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ADDITIONAL INFORMATION

This management proxy circular and joint proxy statement incorporates important business and financial information about Atlantic Power from other documents that are not included in or delivered with this management proxy circular and joint proxy statement. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this management proxy circular and joint proxy statement by requesting them in writing or by telephone from the appropriate entity at the following addresses and telephone numbers:

Atlantic Power Corporation
200 Clarendon Street, Floor 25
Boston, Massachusetts 02116
Attn: Investor Relations
617-977-2700

Investors may also consult Atlantic Power's and CPILP's website for more information about Atlantic Power and CPILP, respectively. Atlantic Power's website is www.atlanticpower.com. CPILP's website is www.capitalpowerincome.ca. Information included on these websites is **not** incorporated by reference into this management proxy circular and joint proxy statement.

If you would like to request any documents, please do so by _____, 2011 in order to receive them before the special meetings.

For a more detailed description of the information incorporated by reference in this management circular and joint proxy statement and how you may obtain it, see "Where You Can Find More Information" beginning on page 149.

ABOUT THIS JOINT PROXY STATEMENT

For ease of reference, we refer to this management proxy circular and joint proxy as this "joint proxy statement".

This joint proxy statement constitutes a proxy statement of Atlantic Power under Section 14(a) of the *Securities Exchange Act of 1934*, as amended (the "**Exchange Act**"), and a management proxy circular of both Atlantic Power and CPILP under National Instrument 51-102 Continuous Disclosure Obligations ("**NI 51-102**") of the Canadian Securities Administrators (the "**CSA**"). It also constitutes a notice of meeting with respect to the special meeting of Atlantic Power shareholders and a notice of meeting with respect to the special meeting of CPILP unitholders.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement. This joint proxy statement is dated _____. You should not assume that the information contained in this joint proxy statement is accurate as of any date other than that date. Neither the mailing of this joint proxy statement to Atlantic Power shareholders or CPILP unitholders nor the issuance by Atlantic Power of common shares in connection with the Arrangement will create any implication to the contrary.

This joint proxy statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this joint proxy statement regarding Atlantic Power has been provided by Atlantic Power and information contained in this joint proxy statement regarding CPILP has been provided by CPILP.

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QUESTIONS AND ANSWERS

Set forth below are questions that you, as a shareholder of Atlantic Power or unitholder of CPILP, may have regarding the Plan of Arrangement and the other matters to be considered at the special meetings of shareholders of Atlantic Power and unitholders of CPILP and the answers to those questions. Atlantic Power and CPILP urge you to read carefully the remainder of this joint proxy statement because the information in this section does not provide all the information that might be important to you with respect to the Plan of Arrangement and the other matters to be considered at the special meetings. Atlantic Power, following completion of the Plan of Arrangement, is sometimes referred to in this joint proxy statement as the "Combined Company". All references to US\$ or \$ are to United States dollars, and all references to C\$ are to Canadian dollars.

Q: Why am I receiving this joint proxy statement?

A:

Atlantic Power and CPILP have entered into the Arrangement Agreement pursuant to which Atlantic Power has agreed to acquire, directly and indirectly, all of the outstanding CPILP units pursuant to a Plan of Arrangement under the *Canada Business Corporations Act* (the "CBCA"), all as more fully described in this joint proxy statement. In order to effect the Plan of Arrangement:

Atlantic Power shareholders must approve the Share Issuance Resolution attached hereto as Annex F approving the issuance of Atlantic Power common shares to be issued in consideration for the acquisition of CPILP units as is necessary to complete the Arrangement; and

CPILP unitholders must approve the Arrangement Resolution attached hereto as Annex G approving the Arrangement, the Plan of Arrangement and certain other steps required to complete the Arrangement.

Atlantic Power and CPILP will hold separate special meetings to obtain these approvals. This joint proxy statement contains important information about the Plan of Arrangement and the special meetings of shareholders of Atlantic Power and unitholders of CPILP.

Your vote is important. You do not need to attend the special meetings in person to vote. Atlantic Power and CPILP encourage you to vote as soon as possible.

Q: Is the Arrangement supported by the boards of directors of Atlantic Power and CPI Income Services Ltd. as the general partner of CPILP?

A:

Yes. The board of directors of Atlantic Power has unanimously determined that (i) the Arrangement is in the best interests of Atlantic Power and is fair to Atlantic Power's stakeholders, (ii) Atlantic Power should enter into the Arrangement Agreement, and (iii) Atlantic Power's shareholders should vote FOR the Share Issuance Resolution.

In making its recommendation, the Atlantic Power board of directors considered a number of factors as described in this joint proxy statement under the heading "The Arrangement Agreement and Plan of Arrangement Atlantic Power's Reasons for the Arrangement Agreement; Recommendations of Atlantic Power's Board of Directors."

The members of the board of directors of CPI Income Services Ltd., the general partner of CPILP, entitled to vote, being the independent directors of CPI Income Services Ltd., the general partner of CPILP, determined unanimously that the Arrangement is in the best interests of CPILP and is fair to the CPILP unitholders and resolved unanimously to recommend to the CPILP unitholders that they vote FOR the Arrangement Resolution. The members of the board of directors of CPI Income Services Ltd., the general partner of CPILP, entitled to vote also unanimously approved the Arrangement and the execution and performance of the Arrangement Agreement.

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In making its recommendation, the board of directors of CPI Income Services Ltd., the general partner of CPILP, considered a number of factors as described in this joint proxy statement under the heading "The Arrangement Agreement and Plan of Arrangement CPILP's Reasons for the Plan of Arrangement; Recommendations of the Board of Directors of CPILP's General Partner."

Q: What are Atlantic Power's and CPILP's reasons for the entering into the Arrangement Agreement?

A:

The boards of directors of Atlantic Power and of CPI Income Services Ltd., the general partner of CPILP, each concluded that the potential benefits they expect from combining Atlantic Power and CPILP, including, among other things, strengthening Atlantic Power's dividend sustainability for the foreseeable future as a result of immediate accretion to cash available for distribution, creation of a combined company with a larger and more diversified portfolio and anticipated enhanced access to capital, outweighed the uncertainties, risks and potentially negative factors relevant to the Plan of Arrangement. For a more detailed discussion of the reasoning of Atlantic Power's board of directors and the board of directors of CPI Income Services Ltd., the general partner of CPILP, see "The Arrangement Agreement and Plan of Arrangement Atlantic Power's Reasons for the Arrangement Agreement; Recommendations of Atlantic Power's Board of Directors" and " CPILP's Reasons for the Plan of Arrangement; Recommendations of the Board of Directors of CPILP's General Partner" in this joint proxy statement, beginning on pages 55 and 77, respectively.

Q: What is a plan of arrangement?

A:

A plan of arrangement is a statutory procedure under Canadian corporate law that allows companies to carry out transactions with securityholders and court approval. The Plan of Arrangement you are being asked to consider will allow Atlantic Power to acquire, directly and indirectly, all of the outstanding CPILP units.

Q: If I am a CPILP unitholder, how do I elect to receive my consideration under the Plan of Arrangement?

A:

Each registered holder of CPILP units prior to the deadline for making consideration elections, being 5:00 p.m. (Edmonton time) on _____, 2011, will have the right to elect in the Letter of Transmittal and Election Form to be sent by CPILP to the CPILP unitholders in connection with the Plan of Arrangement to receive the consideration set out above, subject to proration.

CDS Clearing and Depository Services Inc. is the only registered holder of CPILP units. All other holders of CPILP units should contact the broker, investment dealer or other intermediary through which they hold CPILP units for instructions and assistance in making an election with respect to the form of consideration they wish to receive.

If you fail to make a proper election by the election deadline, you will be deemed to have elected to receive share consideration for all of your CPILP units, subject to proration.

Q: If I am a CPILP unitholder, am I assured of receiving the exact form of consideration I elect to receive?

A:

No. Both the aggregate number of Atlantic Power common shares and the aggregate amount of cash to be paid to CPILP unitholders under the Plan of Arrangement are fixed. 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. Accordingly, there is no assurance that you will receive the form of consideration you elect with respect to all of your CPILP units. If the elections of all CPILP unitholders result in an oversubscription for Atlantic Power common shares or cash,

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Atlantic Power will allocate the consideration you will receive between cash and Atlantic Power common shares.

Q: What is the value of the consideration to be received under the Plan of Arrangement?

A:

If the Plan of Arrangement is completed, holders of CPILP units will receive, at their election, C\$19.40 per unit in cash or 1.3 Atlantic Power common shares per unit, subject to proration if total cash elections exceed approximately C\$506.5 million or share elections exceed approximately 31.5 million Atlantic Power common shares. Because Atlantic Power will issue a fixed number of Atlantic Power common shares in exchange for each CPILP unit, the market value of the consideration that CPILP unitholders will receive will depend on the price per Atlantic Power common share at the time the transaction is completed. That price will not be known at the time of the special meetings and may be less or more than the current price or the price at the time of the special meetings.

Q: How does Atlantic Power intend to finance the cash portion of the consideration to be received under the Plan of Arrangement?

A:

Atlantic Power intends to finance the cash portion of the purchase price to complete the Plan of Arrangement by issuing up to approximately C\$200.0 million of equity and up to approximately C\$425.0 million of debt through public and private offerings. However, in the event that such financing is not available on terms satisfactory to Atlantic Power, Atlantic Power has received an executed commitment letter (the "**TLB Commitment Letter**"), evidencing the commitment of a Canadian chartered bank and another financial institution to structure, arrange, underwrite and syndicate a senior secured credit facility consisting of a term B loan facility (the "**Tranche B Facility**") in the amount of \$625 million, subject to the terms and conditions set forth therein.

Q: Will the Atlantic Power common shares be traded on an exchange?

A:

It is a condition of the completion of the Plan of Arrangement that the common shares of Atlantic Power received under the Plan of Arrangement be approved for listing on the NYSE and on the TSX.

Q: Why are the North Carolina facilities being sold to Capital Power rather than being included in the transaction?

A:

The North Carolina facilities are not of strategic interest to Atlantic Power. At the time of, and leading up to, the signing of the Arrangement Agreement, there was uncertainty surrounding the negotiations and finalized terms of the power purchase agreements for these facilities. Capital Power agreed to purchase the North Carolina facilities to facilitate the consummation of the transaction. The price of approximately C\$121.4 million was negotiated in good faith between the independent directors of CPI Income Services Ltd., as general partner of CPILP, and Capital Power. CIBC World Markets Inc. ("**CIBC**") provided a written opinion to the special committee of the board of directors of CPI Income Services Ltd., as general partner of CPILP, and to the independent director of CPI Preferred Equity Ltd. that the consideration to be received by CPI Preferred Equity Ltd. pursuant to the membership interest purchase agreement in respect of the North Carolina assets is fair, from a financial point of view, to CPI Preferred Equity Ltd.

Q: How is the Plan of Arrangement expected to impact the payment of dividends on Atlantic Power common shares?

A:

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

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(the "**Effective Date**"). As a result, Atlantic Power intends to increase its dividend by 5% from C\$1.094 per share to C\$1.15 per share on an annual basis following the Effective Date. Atlantic Power's dividend will continue to be paid monthly. CPILP unitholders that become holders of Atlantic Power common shares pursuant to the Arrangement will experience a reduction in per share dividends relative to per unit distributions of CPILP, however, the dividends of the Combined Company are expected to have increased sustainability over time.

Q: If I hold CPILP units will I still be paid distributions prior to the Effective Date?

A:

CPILP expects to continue to pay monthly distributions to CPILP unitholders up to and including the month immediately preceding the month in which the Effective Date occurs. However, no distribution shall be paid unless and until the board of directors of CPI Income Services Ltd., the general partner of CPILP, in its sole discretion, makes a declaration that such distribution is payable.

Q: When and where will the special meetings be held?

A:

The Atlantic Power special meeting will be held at the King Edward Hotel, _____, 37 King Street East, Toronto, Ontario _____ on _____, 2011 at _____ a.m., Toronto time.

The CPILP special meeting will be held at _____ on _____, 2011 at _____ a.m., Edmonton time.

Q: Who is entitled to vote at the Atlantic Power and CPILP special meetings?

A:

Atlantic Power has fixed _____, 2011 as the record date for the Atlantic Power special meeting. If you were an Atlantic Power shareholder as of the close of business on such date, you are entitled to vote on matters that come before the Atlantic Power special meeting.

CPILP has fixed _____, 2011 as the record date for the CPILP special meeting. If you were a CPILP unitholder as of the close of business on such date, you are entitled to vote on matters that come before the CPILP special meeting.

Q: What vote is required to approve each of the Share Issuance Resolution and the Arrangement Resolution?

A:

Atlantic Power: The Share Issuance Resolution must be approved by a majority of the votes cast by Atlantic Power shareholders, either in person or by proxy, at the Atlantic Power special meeting.

CPILP: Pursuant to the Interim Order, the Arrangement Resolution must be approved by not less than 66²/₃% of the votes cast by CPILP unitholders, either in person or by proxy, at the CPILP special meeting. In addition, the Arrangement Resolution must be approved by a simple majority of the votes cast by CPILP unitholders present in person or by proxy at the CPILP special meeting, after excluding those votes required to be excluded by the minority approval provisions of MI 61-101, such as the votes cast by CPI Income Services Ltd., as general partner of CPILP, and CPI Investments, Inc. ("**CPI Investments**"). Notwithstanding the foregoing, the Arrangement Resolution authorizes the board of directors of CPI Income Services Ltd., the general partner of CPILP, without further notice to or approval of the unitholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Plan of Arrangement at any time prior to the Plan of Arrangement becoming effective pursuant to the provisions of the CBCA. Capital Power and EPCOR, the direct and indirect holders of all of the issued and outstanding

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shares of CPI Investments, which directly and indirectly holds an aggregate of approximately 29% of the outstanding limited partnership units of CPILP, have entered into agreements with Atlantic Power pursuant to which they each have agreed to support the Arrangement.

Q: How many votes do I have?

A:

Atlantic Power: You are entitled to one vote for each Atlantic Power common share that you owned as of the close of business on the Atlantic Power record date. As of the close of business on the Atlantic Power record date, there were approximately _____ outstanding Atlantic Power common shares.

CPILP: You are entitled to one vote for each CPILP unit that you owned as of the close of business on the CPILP record date. As of the close of business on the CPILP record date, there were 56,597,899 outstanding CPILP units.

Q: How do I vote?

A:

If you are a registered shareholder of Atlantic Power as of the close of business on the record date for the Atlantic Power special meeting or a registered unitholder of CPILP as of the close of business on the record date for the CPILP special meeting, you may vote in person by attending your respective special meeting or, to ensure your shares or units are represented at the meeting, you may authorize a proxy to vote by:

accessing the Internet website specified on your form of proxy;

calling the toll-free number specified on your form of proxy; or

signing and returning your form of proxy in the postage-paid envelope provided.

If you hold Atlantic Power common shares or CPILP units in "street name" through a stock brokerage account or through a bank or other nominee, please follow the voting instructions provided by your broker, investment dealer or other intermediary to ensure that your shares or units are represented at the applicable special meeting. CDS Clearing and Depository Services Inc. is the only registered holder of CPILP units. All other holders of CPILP units beneficially hold those units in "street name" and should follow the voting instructions provided by their broker, investment dealer or other intermediary.

Q: My shares or units are held in "street name" by my broker or I am a non-registered shareholder or unitholder. Will my broker automatically vote my shares or units for me?

A:

No. If your shares or units are held in the name of a broker, investment dealer or other intermediary, you are considered the "beneficial owner" of the shares or units held for you in what is known as "street name." You are **not** the "record holder" or "registered holder" of such shares or units. If this is the case, this joint proxy statement has been forwarded to you by your broker, investment dealer or other intermediary. As the beneficial owner, unless your broker, investment dealer or other intermediary has discretionary authority over your shares or units, you generally have the right to direct your broker, investment dealer or other intermediary as to how to vote your shares or units. If you do not provide voting instructions, your shares or units will not be voted on any resolutions on which your broker, investment dealer or other intermediary does not have discretionary authority.

Please follow the voting instructions provided by your broker, investment dealer or other intermediary so that it may vote your shares or units on your behalf. Please note that you may not vote shares or units held in street name by returning a form of proxy directly to Atlantic Power or

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CPILP or by voting in person at the applicable special meeting unless you first provide a proxy from your broker, investment dealer or other intermediary.

If you do not instruct your broker, investment dealer or other intermediary on how to vote your shares or units, your broker, investment dealer or other intermediary will not vote your shares or units on any matter to be voted on at the applicable special meeting.

Q: What will happen if I return my form of proxy without indicating how to vote?

A:

If you are a registered holder of Atlantic Power common shares or a registered holder of CPILP units and you sign and return your form of proxy without indicating how to vote on the Share Issuance Resolution or Arrangement Resolution, as applicable, the Atlantic Power common shares or CPILP units represented by your proxy will be voted "FOR" the Share Issuance Resolution and "FOR" the Arrangement Resolution, as applicable.

Q: What constitutes a quorum?

A:

Atlantic Power: A quorum must be present at the special meeting for any business to be conducted. Pursuant to Atlantic Power's articles, the presence of two persons, present in person, each being a shareholder entitled to vote or a duly appointed proxy for a shareholder so entitled, constitutes a quorum. For purposes of counting votes, abstentions and broker non-votes will not be counted as votes cast at the Atlantic Power special meeting.

CPILP: A quorum must be present at the CPILP special meeting for any business to be conducted. Pursuant to the limited partnership agreement of CPILP, the quorum for the CPILP special meeting is one or more CPILP unitholders present in person or by proxy representing at least 10% of the outstanding units.

Q: Can I change my vote after I have returned a proxy or voting instruction card?

A:

Yes.

If you are a registered holder of Atlantic Power common shares as of the close of business on the record date for the Atlantic Power special meeting: You can change your vote at any time before the start of the Atlantic Power special meeting, unless otherwise noted. In addition to revocation in any other manner permitted by law, you can revoke your proxy in one of the following ways:

you can grant a new, valid proxy bearing a later date (including by telephone or Internet);

you can deposit a signed notice of revocation at Atlantic Power's registered office at any time up to and including the last business day preceding the day of the Atlantic Power special meeting (or any adjournment or postponement thereof) or with the chair of the Atlantic Power special meeting on the day of the Atlantic Power special meeting (or any adjournment or postponement thereof); or

you can attend the special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose any of the foregoing methods, your notice of revocation or your new proxy must be received by Atlantic Power no later than the beginning of the Atlantic Power special meeting. If you have voted your shares by telephone or through the Internet, you may revoke your prior telephone or Internet vote by any manner described above. Only your latest dated proxy will count.

If you are a registered holder of CPILP units as of the close of business on the record date for the CPILP special meeting: You can change your vote at any time before the start of the CPILP

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special meeting. In addition to revocation in any other manner permitted by law, you can revoke your proxy in one of the following ways:

you can grant a new, valid proxy bearing a later date (including by telephone or Internet);

you can send a signed notice of revocation; or

you can attend your special meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose any of the foregoing methods, your notice of revocation or your new proxy must be received by CPILP no later than the beginning of the CPILP special meeting. If you have voted your units by telephone or through the Internet, you may revoke your prior telephone or Internet vote by any manner described above. Only your latest-dated proxy will count.

If you hold your Atlantic Power common shares or CPILP units in "street name": You may change your vote by submitting another later-dated voting instruction form to your broker, investment dealer or other intermediary or by voting again by telephone or by Internet. In order to revoke a previous instruction, you must notify your broker, investment dealer or other intermediary in writing of your revocation. In order to ensure that the broker, investment dealer or other intermediary acts upon revocation, the written notice should be received by the broker, investment dealer or other intermediary well in advance of the applicable special meeting.

Q: What other approvals are required for the Plan of Arrangement?

A:

The Arrangement is subject to certain regulatory approvals, including approval under the *Investment Canada Act*, the *Competition Act* (Canada), the *Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended* (United States) and from the Federal Energy Regulatory Commission under the *United States Federal Power Act*, as more particularly set forth in the Arrangement Agreement.

The Arrangement must also be approved by the Court of Queen's Bench of Alberta. The court will be asked to make an order approving the Arrangement and determine that the Arrangement is fair to the CPILP unitholders. CPILP, CPI Income Services Ltd., as general partner of CPILP, and CPI Investments will apply to the court for this order if the regulatory approvals described above have been obtained and the CPILP unitholders approve the Arrangement Resolution at the CPILP special meeting.

In addition, in connection with the Arrangement, certain regulatory approvals of the power generation regulatory authorities that have jurisdiction over CPILP's projects are required.

Q: What are the material Canadian federal income tax consequences of the Plan of Arrangement to holders of CPILP units?

A:

CPILP unitholders will realize a taxable disposition of their CPILP units under the Plan of Arrangement. Eligible holders that receive Atlantic Power common shares pursuant to the Plan of Arrangement will be entitled to make a joint tax election with Atlantic Power under the *Income Tax Act* (Canada) (the "**Tax Act**") that will, depending on the circumstances of each particular unitholder, allow for a full or partial deferral of taxable gains that would otherwise be realized.

Atlantic Power common shares will be considered "qualified investments" for registered retirement savings plans and other tax-exempt plans.

The primary Canadian federal income tax considerations arising in respect of the Plan of Arrangement, as well as the procedure to be followed by CPILP unitholders intending to make a

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joint tax election, are described more fully below under the heading "Material Canadian Federal Income Tax Considerations," beginning on page 108.

Q: When do you expect the Plan of Arrangement to be completed?

A:

Atlantic Power and CPILP are working to complete the Plan of Arrangement in the fourth quarter of 2011. However, the Plan of Arrangement is subject to obtaining various regulatory approvals and other conditions, and it is possible that factors outside the control of both entities could result in the Plan of Arrangement being completed at a later date, or not at all. There may be a substantial amount of time between the respective Atlantic Power and CPILP special meetings and the completion of the Plan of Arrangement. Atlantic Power and CPILP hope to complete the Plan of Arrangement as soon as reasonably practicable.

Q: What will happen to CPILP if the Plan of Arrangement is completed?

A:

If the Plan of Arrangement is completed, Atlantic Power will acquire all of the CPILP units and CPILP will become a wholly-owned subsidiary of Atlantic Power. Atlantic Power intends to have the CPILP units de-listed from the TSX.

Q: What do I need to do now?

A:

You should carefully read and consider the information contained in, and incorporated by reference into, this joint proxy statement. Registered holders of Atlantic Power shares or CPILP units should then vote by completing the enclosed form of proxy or, alternatively, by telephone, or over the Internet, in each case in accordance with the enclosed instructions.

If you hold your Atlantic Power common shares or CPILP units through a broker, investment dealer or other intermediary, please follow the instructions provided by such broker, investment dealer or other intermediary to ensure that your vote is counted at the meeting and, if you are a CPILP unitholder, making an election with respect to the form of consideration you wish to receive in exchange for your CPILP units.

Q: As a registered holder of CPILP units, should I send in my Letter of Transmittal and Election Form and CPILP unit certificates now?

A:

Yes. It is recommended that all registered holders of CPILP units complete, sign and return the Letter of Transmittal and Election Form with accompanying CPILP unit certificate(s) to Computershare Investor Services Inc. as soon as possible. To make a valid election as to the form of consideration that you wish to receive under the Plan of Arrangement (subject to proration), you must complete, sign and return the Letter of Transmittal and Election Form and make a proper election thereunder and return it with accompanying CPILP unit certificate(s) to Computershare Investor Services Inc. prior to the election deadline, being 5:00 p.m. (Edmonton time) on _____, 2011. **If you fail to make a proper election by the election deadline, you will be deemed to have elected to receive share consideration for all of your CPILP units, subject to proration.**

Q: If my CPILP units are held in street name by my broker, investment dealer or other intermediary, will my broker automatically make an election for me?

A:

No, a broker, investment dealer or other intermediary will make an election on your behalf, *only* if you provide instructions to them on which election to make or if they have discretionary authority over your units. Without instructions, no election will be made on your behalf (unless they have discretionary authority over your units). CPILP unitholders should instruct their brokers, investment dealers or other intermediaries to make an election on their behalf by following the

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directions provided to them by their brokers. **If you fail to make a proper election in accordance with the instructions provided by your broker, you will be deemed to have elected to receive share consideration for all of your CPILP units, subject to proration.**

Q: Are shareholders or unitholders entitled to appraisal/dissent rights?

A:

Atlantic Power: The shareholders of Atlantic Power are not entitled to dissent rights in connection with the Share Issuance Resolution.

CPILP: The unitholders of CPILP are not entitled to dissent rights in connection with the Arrangement Resolution.

Q: What happens if I sell my shares or units before the special meeting?

A:

The record date of each of the special meetings is _____, 2011. If you transfer your shares or units after the applicable record date but before the applicable special meeting, you will retain your right to vote at the applicable special meeting.

Q: If the Plan of Arrangement is approved, can I sell my CPILP units after the special meeting but before completion of the Plan of Arrangement?

A:

The Letter of Transmittal and Election Form to be completed by registered holders of CPILP units provides that the deposit of CPILP units is irrevocable. Accordingly, a registered holder of CPILP units that has validly deposited units and made an election will not be able to withdraw and sell those units after so doing. Notwithstanding the irrevocable nature of the deposit of units, elections as to the form of consideration may be changed prior to the election deadline, being 5:00 p.m. (Edmonton time) on _____, 2011, by submitting a new Letter of Transmittal and Election Form.

If you hold your CPILP units in "street name," once you have provided your broker, investment dealer or other intermediary with your election as to the form of consideration to be received, your broker, investment dealer or other intermediary will make an election on your behalf via an online system set up by CDS Clearing and Depository Services Inc. Once your election has been submitted, this effectively "freezes" your CPILP units such that you will not be able to sell your units after making an election unless your broker, investment dealer or other intermediary makes an online withdrawal. An online withdrawal could only be made prior to the election deadline, being _____, 2011.

Q: Who is soliciting my proxy?

A:

Atlantic Power: Your proxy is being solicited by or on behalf of management of Atlantic Power for use at the Atlantic Power special meeting and any adjournment or postponement thereof. All associated costs of the proxy solicitation will be borne by Atlantic Power. In addition to the use of the mail, proxies may be solicited by directors, officers and other employees of Atlantic Power, without additional remuneration, by personal interview, telephone, facsimile or otherwise. Atlantic Power will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of shares and will provide customary reimbursement to such firms for the cost of forwarding these materials. Atlantic Power has retained _____ to assist in its solicitation of proxies and has agreed to pay them a fee of approximately _____, plus reasonable expenses, for these services.

CPILP: Management of CPI Income Services Ltd., the general partner of CPILP, is soliciting your proxy for use at the CPILP special meeting and any adjournment or postponement thereof. All associated costs of the proxy solicitation will be borne by CPILP. In addition to the use of the

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mail, proxies may be solicited by directors, officers and other employees of CPILP or its general partner, without additional remuneration, by personal interview, telephone, facsimile or otherwise. CPILP will also request brokerage firms, nominees, custodians and fiduciaries to forward proxy materials to the beneficial owners of units and will provide customary reimbursement to such firms for the cost of forwarding these materials. CPILP has retained _____ to assist in its solicitation of proxies and has agreed to pay them a fee of approximately C\$ _____, plus reasonable out-of-pocket expenses, for these services.

Q: What if I hold both Atlantic Power common shares and CPILP units?

A:

If you are a shareholder of Atlantic Power and a unitholder of CPILP, you will receive two separate packages of proxy materials. A vote as a CPILP unitholder will not count as a vote as an Atlantic Power shareholder, and a vote as an Atlantic Power shareholder will not count as a vote as a CPILP unitholder. Therefore, please separately vote each of your CPILP units and Atlantic Power common shares.

Q: Who can help answer my questions?

A:

CPILP unitholders or Atlantic Power shareholders who have questions about the Plan of Arrangement or the other matters to be voted on at the special meetings or desire additional copies of this joint proxy statement or additional forms of proxy should contact:

If you are an Atlantic Power shareholder:

Atlantic Power Corporation
200 Clarendon Street, Floor 25
Boston, Massachusetts 02116
Attn: Investor Relations
617-977-2700

If you are a CPILP unitholder:

Capital Power Income L.P.
10065 Jasper Avenue
Edmonton, Alberta T5J 3B1
Attn: Investor Relations
780-392-5105

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SUMMARY

This summary highlights information contained elsewhere in this joint proxy statement and may not contain all the information that is important to you. Atlantic Power and CPILP urge you to read carefully the remainder of this joint proxy statement, including the annexes, the exhibits, the documents incorporated by reference and the other documents to which we have referred you because this summary does not provide all the information that might be important to you with respect to the Plan of Arrangement and the other matters being considered at the Atlantic Power and CPILP special meetings. See also the section entitled "Where You Can Find More Information" beginning on page 149.

The Entities

Atlantic Power Corporation (see page 32)

Atlantic Power owns and operates a diverse fleet of power generation and infrastructure assets in the United States. Atlantic Power's generation projects sell electricity to utilities and other large commercial customers under long-term power purchase agreements ("PPA"), which seek to minimize exposure to changes in commodity prices. Atlantic Power's power generation projects in operation have an aggregate gross electric generation capacity of approximately 1,948 MW, in which Atlantic Power's ownership interest is approximately 871 MW. Atlantic Power's current portfolio consists of interests in 12 operational power generation projects across nine states, one 53 MW biomass project under construction in Georgia, and an 84-mile, 500 kilovolt electric transmission line located in California. Atlantic Power also owns a majority interest in Rollcast Energy, Inc., a biomass power plant developer with several projects under development. Atlantic Power's common shares trade on the NYSE under the symbol "AT" and on the TSX under the symbol "ATP." Atlantic Power's headquarters are located at 200 Clarendon Street, Floor 25, Boston, Massachusetts, USA 02116, telephone number 617-977-2400. Atlantic Power's registered office is located at 355 Burrard Street, Suite 1900, Vancouver, British Columbia, Canada V6C 2G8.

Capital Power Income L.P. (see page 32)

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." The head office of CPILP is located at 10065 Jasper Avenue, Edmonton, Alberta, T5J 3B1. The registered office of CPILP is 200 University Avenue, Toronto, Ontario, M5H 3C6, telephone number 1-866-896-4636.

CPI Income Services Ltd. (see page 33)

CPI Income Services Ltd. (the "**General Partner**") is responsible for the management of CPILP. Pursuant to CPILP's partnership agreement, the General Partner is prohibited from undertaking any business activity other than acting as general partner of CPILP. The head and registered office of the General Partner is located at 10065 Jasper Avenue, Edmonton, Alberta, T5J 3B1, telephone number 1-866-896-4636. The General Partner has engaged CP Regional Power Services Limited

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Partnership and Capital Power Operations (USA) Inc. (together, the "**Manager**"), both subsidiaries of Capital Power, to perform management and administrative services for CPILP and to operate and maintain CPILP's power plants pursuant to certain management and operations agreements. The management and operations agreements will be terminated and/or assigned in connection with the Plan of Arrangement in consideration for the payment of an aggregate of C\$10.0 million. See "Summary of the Arrangement Agreement Summaries of Other Agreements Relating to the Arrangement Management Agreements Termination Agreement and Management Agreement Assignment Agreement" beginning on page 106.

CPI Investments Inc. (see page 33)

CPI Investments is a holding company that owns, directly and indirectly, approximately 29.18% of the CPILP units and 100% of the shares of the General Partner. Capital Power L.P. ("**Capital Power LP**") owns a 49% voting interest and a 100% economic interest in CPI Investments and EPCOR owns the other 51% voting interest in CPI Investments. CPI Investments was incorporated on February 12, 2009 under the CBCA. The head and registered office of CPI Investments is located at TD Tower, 5th Floor, 10088-102 Avenue, Edmonton, Alberta, Canada, T5J 2Z1, telephone number 1-866-896-4636.

The Arrangement Agreement and Plan of Arrangement (see page 48)

On June 20, 2011, Atlantic Power, CPILP, the General Partner and CPI Investments entered into the Arrangement Agreement, which provides that Atlantic Power will acquire, directly or indirectly, all of the issued and outstanding CPILP units pursuant to the Plan of Arrangement under 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\$121.4 million. Additionally, in connection with the Plan of Arrangement, the management agreements between certain subsidiaries of Capital Power 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 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 CPI Income Services Ltd. 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, Atlantic Power or CPILP may be required to pay a C\$35.0 million fee if the Arrangement Agreement is terminated in certain circumstances.

The completion of the Plan of Arrangement is subject to the receipt of all necessary court and regulatory approvals in Canada and the United States and certain other closing conditions. Atlantic Power and CPILP 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 to the Plan of Arrangement described in the Arrangement Agreement.

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The full text of the Arrangement Agreement is attached as Annex A to this joint proxy statement. Atlantic Power and CPILP urge you to read it carefully.

Atlantic Power's Reasons for the Arrangement Agreement (see page 55)

On June 19, 2011, at a meeting of the Atlantic Power board of directors, by unanimous vote, the Atlantic Power board of directors determined that the Arrangement, including the issuance of Atlantic Power common shares to CPILP unitholders necessary to complete the Arrangement, is in the best interests of Atlantic Power and is fair to the stakeholders of Atlantic Power. In reaching these determinations, the Atlantic Power board of directors consulted with Atlantic Power's management and its legal, financial and other advisors, and also considered numerous factors, including strategic and financial benefits of the Arrangement and other factors which the Atlantic Power board of directors viewed as supporting its decisions.

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

Atlantic Power will have a larger and more diversified portfolio of contracted power generation assets;

Atlantic Power's proven management team will be combined with CPILP's highly qualified operations and other personnel;

Atlantic Power's market capitalization and enterprise value are expected to double, which is expected to add liquidity and enhance access to capital; and

Atlantic Power's asset portfolio will expand and its geographic diversification and fuel type diversification will be enhanced.

The financial benefits that the Atlantic Power board of directors believes should result from the combination of Atlantic Power and CPILP include, among other things, the following:

upon completion of the Plan of Arrangement, Atlantic Power intends to increase dividends;

Atlantic Power's dividend sustainability for the foreseeable future is expected to strengthen as a result of immediate accretion to cash available for distribution; and

a significant improvement in Atlantic Power's dividend payout ratio starting in 2012.

CPILP's Reasons for the Plan of Arrangement (see page 77)

At a meeting held on June 19, 2011, the members of the board of directors of the General Partner entitled to vote, being the independent directors of the General Partner, determined unanimously that the Arrangement is in the best interests of CPILP and is fair to the CPILP unitholders and resolved unanimously to recommend to the CPILP unitholders that they vote in favor of the Arrangement. In reaching these decisions, the board of directors of the General Partner consulted with its management and financial, legal and other advisors, and considered a variety of factors weighing in favor of or relevant to the Plan of Arrangement, including strategic and financial benefits of the Plan of Arrangement and other factors which the board of directors of the General Partner viewed as supporting its decisions.

The strategic benefits that the board of directors of the General Partner believes should result from the combination of Atlantic Power and CPILP include, among other things, the following:

the creation of a larger, more diversified power company than CPILP on a standalone basis;

the enhancement to Atlantic Power's proven management team by combining it with CPILP's highly qualified operations and other personnel;

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the advantages resulting from larger scale and expanded scope of the Combined Company in meeting the challenges facing the power industry;

the benefit of allowing the business of CPILP to grow independently of the Manager, which has its own power generation business, and the additional growth opportunities of the Combined Company;

the complementary nature of the respective products and geographical markets of the two entities; and

the expected market capitalization, free cash flow, liquidity and capital structure of the Combined Company relative to CPILP on a stand-alone basis.

The financial benefits that the board of directors of the General Partner believes should result from the combination of Atlantic Power and CPILP include, among other things, the following:

CPILP unitholders may receive Atlantic Power common shares as consideration for their CPILP units, which would allow them to own common shares of the Combined Company; and

the belief that the Combined Company will have a strong cash generation profile.

The other benefits that the board of directors of the General Partner believes should result from the combination of Atlantic Power and CPILP include, among other things, the following:

the inherent constraints associated with CPILP's current growth structure and the belief that the Combined Company will be well positioned and structured to generate and exploit future growth opportunities; and

the prospect of finding it necessary to develop or otherwise replace the management, employee work force and administrative functions performed by the Manager, given that Capital Power had advised CPILP that it was considering divesting itself of all of its CPILP interests in order to focus on its own core business.

Recommendations of the Board of Directors of Atlantic Power (see page 34)

At a meeting held on June 19, 2011, after considering the various factors and considerations further disclosed in the section titled "The Arrangement Agreement and Plan of Arrangement Atlantic Power's Reasons for the Arrangement Agreement; Recommendations of Atlantic Power's Board of Directors" Atlantic Power's board of directors unanimously determined that the Plan of Arrangement and the other transactions contemplated by the Arrangement Agreement, 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. **Accordingly, the Atlantic Power board of directors unanimously recommends that the Atlantic Power shareholders vote "FOR" the Share Issuance Resolution.**

Recommendations of the Board of Directors of the General Partner (see page 39)

At a meeting held on June 19, 2011, after considering, among other things, the oral opinions of CIBC and Greenhill & Co. Canada Ltd. ("Greenhill"), subsequently confirmed in writing, the full text of which are attached as Annexes D and E, respectively, of this joint proxy statement, the members of the board of directors of the General Partner entitled to vote determined unanimously that the Plan of Arrangement is in the best interests of CPILP and is fair to the CPILP unitholders and resolved unanimously to recommend to the CPILP unitholders that they vote in favor of the Plan of Arrangement. The members of the board of directors of the General Partner entitled to vote also unanimously approved the Plan of Arrangement and the execution and performance of the

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Arrangement Agreement. **Accordingly, the board of directors of the General Partner unanimously recommends that the CPILP unitholders vote "FOR" the approval of the Arrangement Resolution.**

Opinions of Atlantic Power's Financial Advisors (see page 58)

In connection with the Arrangement Agreement, TD Securities Inc. ("**TD Securities**") and Morgan Stanley & Co. LLC ("**Morgan Stanley**") each delivered to Atlantic Power's board of directors its written opinion, dated June 19, 2011, that, on such date and based upon and subject to the various limitations, qualifications and assumptions set forth in each written opinion, the consideration to be paid by Atlantic Power to CPILP unitholders pursuant to the Arrangement Agreement was fair, from a financial point of view, to Atlantic Power. The full texts of these opinions are attached as Annexes B and C, respectively, to this joint proxy statement.

You should read each opinion carefully in its entirety for a description of the assumptions made, the matters considered and limitations on the review undertaken. Each opinion is addressed to the board of directors of Atlantic Power, and addresses only the fairness from a financial point of view of the consideration to be paid by Atlantic Power to CPILP unitholders pursuant to the Arrangement Agreement. The opinions do not address any other aspect of the Plan of Arrangement and do not constitute a recommendation to the shareholders of Atlantic Power or unitholders of CPILP as to how to vote with respect to the Plan of Arrangement or any other matter. In addition, the opinions do not in any manner address the prices at which Atlantic Power common shares will trade following the consummation of the Plan of Arrangement or at any other time.

Opinions of CPILP's Financial Advisors (see page 80)

In connection with the Arrangement Agreement, on June 19, 2011, the board of directors of the General Partner received written opinions from each of CIBC and Greenhill stating that, on such date and based upon and subject to the various limitations, qualifications and assumptions set forth in each written opinion, the consideration to be received by CPILP unitholders pursuant to the Arrangement Agreement was fair from a financial point of view to such CPILP unitholders (other than the General Partner, CPI Investments and Atlantic Power in respect of the Greenhill opinion, and other than Capital Power and its affiliates in respect of the CIBC opinion). The full texts of these opinions, which set forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken, are attached as Annexes D and E, respectively, to this joint proxy statement. CIBC also provided its written opinion to the special committee of the board of directors of the General Partner and the independent director of the board of directors of CPI Preferred Equity Ltd. that the consideration to be received by CPI Preferred Equity Ltd. pursuant to the membership interest purchase agreement in respect of the North Carolina assets is fair, from a financial point of view, to CPI Preferred Equity Ltd.

Interests of Certain CPILP Directors and Officers in the Plan of Arrangement (see page 81)

Certain of the directors and officers of the General Partner are also officers and/or directors of Capital Power and its affiliates and are not considered to be independent of CPILP within the meaning of applicable Canadian securities laws. Capital Power and its affiliates have interests in the Plan of Arrangement and certain other transactions to be completed in connection with the Plan of Arrangement that are different from, or in addition to, the interests of the other CPILP unitholders. See "Canadian Securities Law Matters" beginning on page 85.

The board of directors of the General Partner was aware of and considered these interests, among other matters, in evaluating the Plan of Arrangement, and in recommending that CPILP unitholders vote in favor of the Arrangement Resolution. The members of the board of directors of the General Partner who are officers and/or directors of Capital Power and its affiliates did not participate in the

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vote to approve the Plan of Arrangement, as a result of the potential conflict of interest presented by their positions with Capital Power and its affiliates.

The following table indicates, as of the date hereof, the number of CPILP units beneficially owned, directly or indirectly, or over which control or direction is exercised, by: (i) each director and officer of CPILP; (ii) each associate or affiliate of an insider of CPILP; (iii) each associate or affiliate of CPILP; (iv) each insider of CPILP (other than a director or officer of CPILP); and (v) each person acting jointly or in concert with CPILP, and the maximum amount of potential cash consideration payable to each pursuant to the Plan of Arrangement:

Name	Position with CPILP	CPILP Units	Maximum Amount of Potential Cash Consideration
Graham L. Brown	Director		n/a
Brian A. Felesky	Director (Independent)	5,640	\$ 109,416
Allen R. Hagerman	Director (Independent)	17,702	\$ 343,419
Francois L. Poirier	Director (Independent)	3,100	\$ 60,140
Brian T. Vaasjo	Chairman and Director	7,400	\$ 143,560
Rodney D. Wimer	Director (Independent)		n/a
James Oosterbaan	Director		n/a
Stuart A. Lee	Director and President	3,536	\$ 68,598
	General Counsel and Corporate		
B. Kathryn Chisholm	Secretary	915	\$ 17,751
Peter D. Johanson	Controller	400	\$ 7,760
Leah M. Fitzgerald	Assistant Corporate Secretary		n/a
Anthony Scozzafava	Chief Financial Officer	2,050	\$ 39,770
Yale Loh	Vice President, Treasurer		n/a
Capital Power Corporation(1)	Unitholder	16,513,504	\$ 320,361,978

(1)

Capital Power indirectly owns 49% of the voting interests and all of the economic interests in CPI Investments. EPCOR owns the remaining 51% voting interest in CPI Investments. CPI Investments owns 16,513,504 CPILP units. Under the Plan of Arrangement, Atlantic Power will acquire all of the outstanding shares of CPI Investments on effectively the same basis as the acquisition of CPILP units under the Plan of Arrangement.

All current directors and officers of the General Partner will resign their positions in connection with the Plan of Arrangement.

Regulatory Approvals Required for the Plan of Arrangement and Other Regulatory Matters (see page 88)

CPILP units currently trade on the TSX. After the Plan of Arrangement, Atlantic Power intends to delist the CPILP units from the TSX. The preferred shares of CPI Preferred Equity Ltd. will remain outstanding and listed on the TSX.

Atlantic Power common shares currently trade on the TSX and NYSE. Atlantic Power will also apply to list Atlantic Power common shares issuable under the Plan of Arrangement on the NYSE and the TSX, and it is a condition to the completion of the Plan of Arrangement that Atlantic Power shall have obtained approval for these listings.

In addition to certain regulatory approvals of the power generation regulatory authorities required in connection with the Plan of Arrangement, the Arrangement is subject 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*.

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The Arrangement must also be approved by the Court of Queen's Bench of Alberta. The court will be asked to make an order approving the Arrangement and determine that the Arrangement is fair to the CPILP unitholders. CPILP and the General Partner will apply to the court for this order if the regulatory approvals described above have been obtained and the CPILP unitholders approve the Arrangement Resolution at the CPILP special meeting.

Summaries of Other Agreements Relating to the Arrangement

The Support Agreements (see page 104)

As part of the Plan of Arrangement, Atlantic Power will acquire all of the outstanding shares of CPI Investments (an entity indirectly owned by Capital Power and EPCOR), the direct and indirect holder of 16,513,504 CPILP units, on effectively the same basis as the acquisition of CPILP units under the Plan of Arrangement. In order to confirm the commitment of each shareholder of CPI Investments to support the Plan of Arrangement, contemporaneously with the entering into of the Arrangement Agreement, Atlantic Power entered into two support agreements, one with EPCOR and the other with Capital Power and Capital Power LP, the entity through which Capital Power holds its shares of CPI Investments. Pursuant to the support agreements, each of Capital Power LP and EPCOR agreed to, among other things, (i) vote all of its shares of CPI Investments in favor of the Plan of Arrangement and any related matters to give legal effect to the Plan of Arrangement, (ii) vote all of its shares of CPI Investments against any resolutions or proposals that might reasonably be expected to impede, frustrate, delay or prevent the Plan of Arrangement, (iii) not sell, transfer, pledge or assign its shares of CPI Investments or enter into a voting agreement with respect to such shares, (iv) not exercise any rights or remedies to impede, frustrate, delay or prevent the Plan of Arrangement and (v) abide by certain non-solicitation covenants in respect of CPILP and CPI Investments.

Pursuant to the support agreement among Atlantic Power, Capital Power LP and Capital Power, among other things, (i) Capital Power agreed to cause Capital Power LP to fulfill its obligations under the support agreement and not to make certain acquisition proposals in respect of CPILP or CPI Investments, (ii) Capital Power LP and CPI Investments made certain representations specific to the Plan of Arrangement, including with respect to the representations and warranties made by CPI Investments in the Arrangement Agreement and equipment and personal property owned by Capital Power LP and/or Capital Power and used in the operations of the CPILP or any of the CPILP's facilities and (iii) Capital Power LP agreed that for a period of 90 days commencing on the Effective Date, Capital Power LP will not, without the prior consent of Atlantic Power, offer, sell, pledge, grant any option to purchase, hedge, transfer, assign, make any short sale or otherwise dispose of any Atlantic Power common shares received pursuant to the Plan of Arrangement (or agree to, or announce, any intention to do so) with certain limited customary exceptions. For a further discussion of the support agreements, see "Summary of the Arrangement Agreement Summaries of Other Agreements Relating to the Arrangement Support Agreements."

Management Agreements Termination Agreement and Management Agreement Assignment Agreement (see page 106)

On June 20, 2011, certain subsidiaries of Capital Power entered into an agreement (the "**Management Agreements Termination Agreement**") with CPILP and certain of its subsidiaries pursuant to which the parties agreed to terminate each of the management and operations agreements between them, other than the Frederickson Agreement (as defined below), effective immediately upon completion of the Plan of Arrangement. In consideration for the termination of the management and operations agreements, CPILP and its subsidiaries agreed to pay to the subsidiaries of Capital Power an aggregate of C\$8.5 million.

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On June 20, 2011, a subsidiary of Capital Power entered into an agreement with Atlantic Power and Frederickson Power L.P., a subsidiary of CPILP, pursuant to which the subsidiary of Capital Power agreed to assign its right, benefit, interest and obligation in, to and under the operations and maintenance agreement in respect of CPILP's Frederickson facility (the "**Frederickson Agreement**") to Atlantic Power. The assignment will be effective immediately upon completion of the Plan of Arrangement. In consideration for the assignment, Atlantic Power has agreed to pay C\$1.5 million to the subsidiary of Capital Power. The assignment is conditional on, among other things, receipt of the consent of Puget Sound Energy, Inc., the counterparty to the Frederickson Agreement, to the assignment.

North Carolina Purchase and Sale Agreement (see page 106)

On June 20, 2011, a subsidiary of Capital Power entered into a purchase and sale agreement with certain subsidiaries of CPILP, pursuant to which the subsidiary of Capital Power agreed to purchase and the subsidiaries of CPILP agreed to sell indirectly all of the membership interests in the limited liability company that owns CPILP's Roxboro and Southport power plants in North Carolina. The purchase price for the membership interests is approximately C\$121.4 million. Closing of the purchase and sale will take place on the Effective Date. Closing of the purchase and sale will be conditional on, among other things, receipt of all necessary regulatory approvals and consents, including, without limitation, expiration or early termination of the applicable waiting periods under the *Hart-Scott Rodino Antitrust Improvements Act of 1976* and prior authorization from the Federal Energy Regulatory Commission under Section 203 of the *United States Federal Power Act*.

Employee Hiring and Lease Assignment Agreement (see page 106)

On June 20, 2011, Atlantic Power, Capital Power and Capital Power Operations (USA) Inc. ("CPO USA") entered into an employee hiring and lease assignment agreement pursuant to which Atlantic Power agreed to assume the employment of certain designated employees who perform functions related to CPILP's business. This agreement was necessitated by the fact that neither CPILP nor the General Partner has any employees. Persons performing the functions of employees of CPILP are currently employed by Capital Power and CPO USA rather than directly by CPILP. For further details regarding CPILP employees, see "Business of the Partnership Employees of the Partnership" beginning on Schedule I-25.

Pursuant to the agreement, Atlantic Power will (i) be bound by the collective agreements currently in place for Capital Power's unionized employees and, (ii) for certain individuals whose employment is not governed by the collective agreements, Atlantic Power will make offers of employment on substantially the same (or better) terms and conditions of employment, in the aggregate, as are in effect on the date of the offer. Existing employee benefits provided by Capital Power will vest on closing of the Plan of Arrangement and be paid out by Capital Power. The agreement also contemplates the negotiation of the assignment of office leases for Capital Power's offices located in the cities of Richmond, B.C., Toronto, Ontario and Chicago, Illinois.

Canadian Pension Transfer Agreement (see page 107)

On June 20, 2011, Atlantic Power and Capital Power entered into a Canadian pension transfer agreement pursuant to which Atlantic Power agreed to assume the pension plan assets and obligations from Capital Power related to the employees that it assumes pursuant to the employee hiring and lease assignment agreement described above.

The agreement primarily relates to the Capital Power Pension Plan (which is a Canadian registered pension plan with both a defined benefit and defined contribution component). For further details regarding Capital Power's pension plan assets and obligations, see "Compensation Discussion and

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Analysis Pension Programs" beginning on Schedule I-65. The agreement provides that the assets associated with the pension plan obligations of the employees being transferred to Atlantic Power will be carved out of the Capital Power Pension Plan and transferred to a new plan to be established by Atlantic Power. The new pension plan for Atlantic Power will have equivalent terms to the Capital Power Pension Plan.

If there is a deficiency in the Capital Power Pension Plan on a going concern basis at the time of closing of the Plan of Arrangement, Capital Power is required to pay Atlantic Power the amount of the deficiency related to the assumed employees (and if there is a surplus, Atlantic Power is required to make a payment to Capital Power). Currently, it is estimated that there is a deficiency of approximately C\$2.0 million. Atlantic Power is required to establish savings plans that are substantially the same as certain group RRSPs provided by Capital Power. Capital Power and Atlantic Power will take all commercially reasonable steps to permit transferring employees with balances in Capital Power's Group RRSPs to transfer their assets to Atlantic Power's Group RRSPs.

The Atlantic Power Special Meeting

Date, Time and Place (see page 34)

The special meeting of Atlantic Power shareholders will be held at the King Edward Hotel, _____, 37 King Street East, Toronto, Ontario on _____, the _____ day of _____, 2011 at the hour of _____ a.m. (Toronto time).

Purpose (see page 34)

At the Atlantic Power special meeting, Atlantic Power shareholders will be asked to vote on the following resolutions:

to consider, and if thought advisable, to approve, with or without variation, the Share Issuance Resolution, the full text of which is set forth in Annex F to this management proxy circular and joint proxy statement, authorizing Atlantic Power to issue such number of common shares in the capital of Atlantic Power as is necessary to complete the Arrangement, being 1.3 Atlantic Power common shares for each CPILP unit to a maximum of 31,500,221 Atlantic Power common shares pursuant to the terms of the Arrangement Agreement (all as more particularly described in this joint proxy statement); and

to transact such further or other business as may properly come before the Atlantic Power special meeting or any adjournments or postponements thereof.

Share Issuance Resolution (see page 34)

Pursuant to the rules of the NYSE and TSX, securityholder approval is required in instances where the number of securities issued or issuable in payment of the purchase price in a transaction such as the Plan of Arrangement exceeds 20% (NYSE) or 25% (TSX) of the number of securities of the listed issuer which are outstanding, on a non-diluted basis. Because the Arrangement Agreement contemplates the issuance of Atlantic Power common shares in excess of these thresholds on a non-diluted basis, the rules of the NYSE and TSX require that Atlantic Power must obtain approval of the Share Issuance Resolution by the holders of a majority of the Atlantic Power common shares represented in person or by proxy at the Atlantic Power special meeting.

As of the close of business on the date of this joint proxy statement, there were approximately _____ outstanding Atlantic Power common shares. Pursuant to the Plan of Arrangement, Atlantic Power currently estimates that it will issue or reserve for issuance approximately _____ Atlantic Power common shares (equal to approximately _____ of Atlantic Power's current issued and outstanding common shares) pursuant to or as contemplated by the Arrangement Agreement, including approximately 31.5 million Atlantic Power common shares issuable in exchange for CPILP units in the Plan of Arrangement.

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Record Date; Shares Entitled to Vote (see page 35)

Only holders of Atlantic Power common shares at the close of business on _____, 2011, the record date for the Atlantic Power special meeting, will be entitled to notice of, and to vote at, the Atlantic Power special meeting or any adjournments or postponements thereof. On the record date, there were outstanding a total of approximately _____ Atlantic Power common shares. Each outstanding Atlantic Power common share is entitled to one vote on the Share Issuance Resolution and any other matter properly coming before the Atlantic Power special meeting.

Required Vote (see page 35)

The Share Issuance Resolution will be approved if a majority of the votes cast by Atlantic Power shareholders, either in person or by proxy at the Atlantic Power special meeting are voted in favor of the resolution.

Share Ownership by and Voting Rights of Directors and Executive Officers (see page 35)

As of the close of business on the Atlantic Power record date, Atlantic Power's directors and executive officers and their affiliates beneficially owned and had the right to vote _____ Atlantic Power common shares at the Atlantic Power special meeting, which represents approximately _____ % of the Atlantic Power common shares entitled to vote at the Atlantic Power special meeting. Each of the directors and officers of Atlantic Power have indicated their intention to vote in favor of the Share Issuance Resolution.

Failure to Vote and Broker Non-Vote (see page 35)

If you are an Atlantic Power shareholder and fail to vote or fail to instruct your broker, investment dealer or other intermediary to vote, it will have no effect on any of the Atlantic Power proposals, assuming a quorum is present.

The CPILP Special Meeting

Date, Time and Place (see page 39)

The special meeting of CPILP unitholders will be held at the _____, _____ on _____, the _____ day of _____, 2011 at the hour of _____ a.m. (Edmonton time).

Purpose (see page 39)

At the CPILP special meeting, CPILP unitholders will be asked to vote on the following resolutions:

to consider, and, if thought advisable, to pass, with or without variation, pursuant to the Interim Order of the Court of Queen's Bench of Alberta, the Arrangement Resolution, the full text of which is set forth in Annex G to this management proxy circular and joint proxy statement, to approve an arrangement under section 192 of the CBCA (all as more particularly described in this joint proxy statement); and

to transact such further or other business as may properly come before the CPILP special meeting or any adjournments or postponements thereof.

Record Date; Units Entitled to Vote (see page 39)

Only holders of CPILP units at the close of business on _____, 2011, the record date for the CPILP special meeting, will be entitled to notice of, and to vote at, the CPILP special meeting or any adjournments or postponements thereof. On the record date, there were outstanding a total of _____

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56,597,899 CPILP units. Each outstanding CPILP unit is entitled to one vote on the Arrangement Resolution and any other matter properly coming before the CPILP special meeting.

Required Vote (see page 40)

Pursuant to the Interim Order, the number of votes required to pass the Arrangement Resolution shall be not less than $66\frac{2}{3}\%$ of the votes cast by CPILP unitholders, either in person or by proxy, at the CPILP special meeting. In addition, the Arrangement Resolution must be approved by a simple majority of the votes cast by the CPILP unitholders present in person or by proxy at the CPILP special meeting, after excluding those votes required to be excluded pursuant to the minority approval provisions of MI 61-101, being the votes of "interested parties" and their related parties and joint actors, which includes the General Partner and CPI Investments. Notwithstanding the foregoing, the Arrangement Resolution authorizes the board of directors of the General Partner, without further notice to or approval of the CPILP unitholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Plan of Arrangement at any time prior to the Plan of Arrangement becoming effective pursuant to the provisions of the CBCA.

Unit Ownership by and Voting Rights of Directors and Executive Officers (see page 39)

As of the close of business on the CPILP record date, CPILP's directors and executive officers and their affiliates beneficially owned and had the right to vote CPILP units at the CPILP special meeting, which represents approximately % of the CPILP units entitled to vote at the CPILP special meeting. It is expected that CPILP's directors and executive officers will vote in favor of the Arrangement Resolution.

Failure to Vote and Broker Non-Vote (see page 40)

If you are a CPILP unitholder and fail to vote or fail to instruct your broker, investment dealer or other intermediary to vote, it will have no effect on any of the CPILP proposals, assuming a quorum is present.

Procedures for the Surrender of Unit Certificate and Receipt of Consideration (see page 42)

Each registered holder of CPILP units is required to validly complete and duly sign a Letter of Transmittal and Election Form and submit such documents, together with such holder's CPILP unit certificate(s), if any, to the Depository in order to receive the consideration under the Plan of Arrangement. The details of the procedures for the deposit of CPILP unit certificates and the delivery by the Depository of Atlantic Power common shares and cash are set out in the Letter of Transmittal and Election Form accompanying this joint proxy statement. If you hold your CPILP units through a nominee such as a broker or dealer, you should carefully follow any instructions provided to you by such nominee for making an election. CDS Clearing and Depository Services Inc. is the only registered holder of CPILP units. All other holders should consult their broker, dealer or other nominee through which they hold CPILP units for instructions and assistance in making an election. Pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement, CPILP unitholders are entitled to receive, at their election, for each CPILP unit held (i) C\$19.40 in cash (the "**Cash Consideration**") or (ii) 1.3 Atlantic Power common shares (the "**Share Consideration**"), subject to the Aggregate Cash Maximum and the Aggregate Share Maximum (together the "**Consideration**").

The Election Deadline to deposit such properly completed Letter of Transmittal and Election Form with the Depository is 5:00 p.m. (Edmonton time) on the date that is three business days prior to the date of the CPILP special meeting. Assuming the CPILP special meeting is held on , 2011, the Election Deadline will be 5:00 p.m. (Edmonton time) on , 2011. CPILP unitholders who do

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not forward to the Depository a validly completed and duly signed Letter of Transmittal and Election Form, together with their CPILP unit certificate(s), if any, will not receive the cash and/or Atlantic Power common shares, as applicable, to which they are otherwise entitled until such a deposit is made. Any CPILP unitholder who does not deposit a duly completed Letter of Transmittal and Election Form with the Depository prior to the Election Deadline shall be deemed to have elected to receive the Share Consideration in respect of all of such holder's CPILP units.

Any certificate which immediately prior to the Effective Time represented outstanding CPILP units that is not deposited with the Depository together with all other instruments or documents required by the Plan of Arrangement on or prior to the sixth anniversary of the Effective Date will cease to represent a claim or interest of any kind or nature as a CPILP unitholder or as a shareholder of Atlantic Power. On such date, the cash and Atlantic Power common shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled under the Plan of Arrangement will be deemed to have been donated, surrendered and forfeited for no consideration to Atlantic Power.

Appraisal/Dissent Rights (see page 47)

The shareholders of Atlantic Power are not entitled to dissent rights in connection with the Share Issuance Resolution.

The unitholders of CPILP are not entitled to dissent rights in connection with the Arrangement Resolution.

U.S. Securities Law Matters (see page 86)

The common shares of Atlantic Power to be issued pursuant to the Plan of Arrangement will not be registered under the *Securities Act of 1933*, as amended (the "**Securities Act**"), or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in Section 3(a)(10) of the Securities Act. The common shares of Atlantic Power to be issued pursuant to the Plan of Arrangement will be freely transferable under U.S. federal securities laws, except for securities held by persons who are deemed to be "affiliates" of Atlantic Power following completion of the Plan of Arrangement.

Material Canadian Federal Income Tax Consequences (see page 108)

CPILP unitholders will realize a taxable disposition of their CPILP units under the Plan of Arrangement. Eligible holders that receive Atlantic Power common shares pursuant to the Plan of Arrangement will be entitled to make a joint tax election with Atlantic Power under the Tax Act that will, depending on the circumstances of each particular CPILP unitholder, allow for a full or partial deferral of taxable gains that would otherwise be realized.

Atlantic Power common shares will be considered "qualified investments" for registered retirement savings plans and other tax-exempt plans.

The primary Canadian federal income tax considerations arising in respect of the Plan of Arrangement, as well as the procedure to be followed by CPILP unitholders intending to make a joint tax election, are described more fully below under the heading "Material Canadian Federal Income Tax Considerations".

Material U.S. Federal Income Tax Consequences (see page 112)

CPILP does not permit non-residents of Canada (as determined for purposes of the Tax Act) to hold CPILP units. Persons who are not US Holders will not be subject to U.S. federal income tax with respect to their CPILP units or Atlantic Power common shares received in exchange therefor unless

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(1) such person's income with respect thereto is effectively connected with the conduct of a trade or business in the United States, or (2) such person is an individual who is present in the United States for 183 days or more during the taxable year and has a "tax home" in the United States. Even if a non-US Holder is subject to U.S. federal income tax under either test in the preceding sentence, such person may be eligible for relief from (or reduction to) any U.S. income tax under a tax treaty. See "Certain U.S. Federal Income Tax Considerations" beginning on page 112.

Atlantic Power Financing (see page 113)

Atlantic Power intends to finance the cash portion of the purchase price to complete the Plan of Arrangement by issuing up to approximately C\$200.0 million of equity and up to approximately C\$425.0 million of debt through public and private offerings. However, in the event that such financing is not available on terms satisfactory to Atlantic Power, Atlantic Power has received the TLB Commitment Letter, evidencing the commitment of a Canadian chartered bank and another financial institution to structure, arrange, underwrite and syndicate a senior secured credit facility consisting of the Tranche B Facility in the amount of \$625 million, subject to the terms and conditions set forth therein.

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

The following table presents selected 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 joint proxy statement. 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 joint proxy statement. 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 joint proxy statement. 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 joint proxy statement. See "Where You Can Find More Information" beginning on page 149 of this joint proxy statement.

(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 Atlantic Power's long term incentive plan. Because Atlantic Power reported a loss during the years ended December 31, 2010, 2009, 2007 and 2006, and for the three month periods 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 Atlantic Power's historical consolidated financial statements incorporated by reference into this joint proxy statement 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 Atlantic Power's initial public offering, its 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, Atlantic Power 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.

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Selected Historical Consolidated Financial Data 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 joint proxy statement. 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 joint proxy statement. The selected historical financial data as of, and for the periods ended, March 31, 2011 and 2010 are derived from CPILP's unaudited consolidated financial statements for those periods appearing elsewhere in this joint proxy statement.

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 and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" for CPILP included elsewhere in this joint proxy statement.

(in thousands of Canadian dollars, except as otherwise stated)	Year Ended December 31,					Three months ended March 31,	
	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:

(in thousands of Canadian dollars, except as otherwise stated)	Years Ended December 31,	
	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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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 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 joint proxy statement and the other unaudited pro forma financial data, including related notes, included elsewhere in this joint proxy statement. 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 Note Regarding Forward-Looking Statements" and "Risk Factors".

Unaudited Pro Forma Condensed Combined Consolidated Financial Information

(in thousands of U.S. dollars, except per share data)	Three Months Ended		Year Ended
	March 31, 2011		December 31, 2010
Combined Consolidated Statement of Operations Information			
Project revenues	\$	173,124	\$ 669,985
Project income		34,038	91,687
Net income		11,869	11,135
Noncontrolling 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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(in thousands of U.S. dollars)	As of March 31, 2011
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
Noncontrolling 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 PPA's (see Note 5(e) in the notes to the unaudited condensed combined consolidated financial statements);
 - b. timing differences in Atlantic Power's deferred tax expense; and
 - c. timing differences in CPILP's deferred tax benefit.

Table of Contents**Selected Comparative Per Share/Unit Market Price and Dividend Information**

Atlantic Power's common shares are listed and traded on the NYSE under the symbol "AT" and on the TSX under the symbol "ATP". CPILP's units are listed and traded on the TSX under the symbol "CPA.UN". The following table sets forth, for the quarters indicated, the high and low sales price per share of Atlantic Power's common shares as reported on both the NYSE and the TSX and the high and low sales price per CPILP unit as reported on the TSX. In addition, the table sets forth the monthly cash dividends per share declared by Atlantic Power with respect to its common shares and the monthly cash distribution per unit declared by CPILP with respect to its limited partnership units. On the Atlantic Power record date (, 2011), there were approximately common shares of Atlantic Power outstanding. On the CPILP record date (, 2011), there were 56,597,899 CPILP units outstanding.

	Atlantic Power (TSX)			CPILP(TSX)		
	High (C\$)	Low (C\$)	Dividends Declared	High	Low	Distribution Declared
2009						
First Quarter	\$ 9.28	\$ 6.34	0.2735	18.98	12.90	0.63
Second Quarter	9.45	7.71	0.2735	16.21	11.65	0.44
Third Quarter	9.49	8.55	0.2735	16.30	13.62	0.44
Fourth Quarter	11.90	9.08	0.2735	15.77	13.35	0.44
2010						
First Quarter	13.85	11.50	0.2735	18.43	15.54	0.44
Second Quarter	12.90	11.20	0.2735	18.14	15.05	0.44
Third Quarter	14.47	12.11	0.2735	18.85	16.03	0.44
Fourth Quarter	15.18	13.31	0.2735	19.02	17.11	0.44
2011						
First Quarter	15.50	14.41	0.2735	21.22	17.65	0.44
Second Quarter	15.72	13.82	0.2735	21.05	18.28	0.44
Third Quarter (until July 19, 2011)	15.45	14.54		19.50	18.94	

	Atlantic Power (NYSE)		
	High (\$)	Low (\$)	Dividends Declared
2010			
Third Quarter (beginning July 23, 2010)	\$ 14.00	\$ 12.10	0.266
Fourth Quarter	14.98	13.26	0.270
2011			
First Quarter	15.75	14.72	0.277
Second Quarter	16.18	14.33	0.28
Third Quarter (until July 19, 2011)	16.18	15.10	

Table of Contents**Certain Historical and Pro Forma Per Share/Unit Data**

The following tables set forth certain historical, pro forma and pro forma equivalent per share financial information for Atlantic Power common shares and per unit financial information for CPILP units. The pro forma and pro forma equivalent per share/unit information gives effect to the Plan of Arrangement as if the Plan of Arrangement had occurred on March 31, 2011 in the case of book value per share data and as of January 1, 2010 in the case of net income per share/unit data.

The pro forma per share/unit balance sheet information combines CPILP's March 31, 2011 unaudited consolidated balance sheet with Atlantic Power's March 31, 2011 unaudited consolidated balance sheet. The pro forma per share/unit income statement information for the fiscal year ended December 31, 2010, combines CPILP's audited consolidated statement of income for the fiscal year ended December 31, 2010, with Atlantic Power's audited consolidated statement of operations for the fiscal year ended December 31, 2010. The pro forma per share/unit income statement information for the three months ended March 31, 2011, combines CPILP's unaudited consolidated statement of income for the three months ended March 31, 2011, with Atlantic Power's unaudited consolidated statement of operations for the three months ended March 31, 2011. The CPILP pro forma equivalent per share/unit financial information is calculated by multiplying the unaudited Atlantic Power pro forma combined per share/unit amounts by 1.3 (being the exchange ratio under the Plan of Arrangement). The balance sheet of CPILP as of March 31, 2011 has been translated using a C\$/\\$ exchange rate of C\$0.9718 to \$1.00.

The per share data for the Combined Company on a pro forma basis presented below is not necessarily indicative of the financial condition of the Combined Company had the Plan of Arrangement been completed on March 31, 2011 and the operating results that would have been achieved by the Combined Company had the Plan of Arrangement been completed as of the beginning of the period presented, and should not be construed as representative of the Combined Company's future financial condition or operating results. The per share data for the Combined Company on a pro forma basis presented below has been derived from the unaudited pro forma condensed combined consolidated financial data of the Combined Company included in this joint proxy statement. In addition, the unaudited pro forma information does not purport to indicate balance sheet data or results of operations data as of any future date or for any future period.

	As of and for the Three Months Ended March 31, 2011	As of and for the Year Ended December 31, 2010
Atlantic Power Historical Data per Common Share		
Income from continuing operations		
Basic	\$ 0.09	\$ (0.06)
Diluted	\$ 0.09	\$ (0.06)
Dividends declared per Common Share	\$ 0.28	\$ 1.06
Book value per Common Share	\$ 6.46	\$ 7.02

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	As of and for the Three Months Ended March 31, 2011(a)		As of and for the Year Ended December 31, 2010(b)	
CPILP Historical Data per Unit(a)				
Income from continuing operations attributable to controlling interest				
Basic	\$	0.15	\$	0.55
Diluted	\$	0.15	\$	0.55
Distributions declared per unit				
	\$	0.44	\$	1.76
Book value per unit	\$	6.30	\$	7.30

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

(b) Results for 2010 have been prepared using Canadian GAAP.

	As of and for the Three Months Ended March 31, 2011		As of and for the Year Ended December 31, 2010	
Atlantic Power Pro Forma Combined Data per Common Share				
Income from continuing operations				
Basic	\$	0.08	\$	(0.02)
Diluted	\$	0.08	\$	(0.02)
Dividends declared per Common Share				
	\$	0.29	\$	1.12
Book value per Common Share	\$	12.01	\$	13.28

	As of and for the Three Months Ended March 31, 2011		As of and for the Year Ended December 31, 2010	
CPILP Pro Forma Equivalent Combined Data per unit				
Income from continuing operations attributable to controlling interest				
Basic	\$	0.10	\$	(0.03)
Diluted	\$	0.10	\$	(0.03)
Distributions declared per unit				
	\$	0.38	\$	1.46

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Book value per unit	\$	15.61	\$	17.26
				20

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 July 19, 2011, the noon buying rate was \$1.00 = C\$0.951.

	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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RISK FACTORS

In addition to the other information included and incorporated by reference into this joint proxy statement, including the matters addressed in the section entitled "Cautionary Note Regarding Forward-Looking Statements," you should carefully consider the following risks before deciding whether to vote for the Share Issuance Resolution, in the case of Atlantic Power shareholders, or the Arrangement Resolution, in the case of CPILP unitholders. In addition, you should read and consider Atlantic Power's Annual Report on Form 10-K for the year ended December 31, 2010, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this joint proxy statement. See "Where You Can Find More Information" beginning on page 149.

Risk Factors Relating to the Plan of Arrangement

The exchange ratio is fixed and will not be adjusted in the event of any change in either CPILP's unit price or Atlantic Power's share price.

Under the Plan of Arrangement, for each CPILP unit held, CPILP unitholders will be entitled to elect to receive either C\$19.40 in cash or 1.3 Atlantic Power common shares, subject to proration. This exchange ratio is fixed in the Plan of Arrangement and will not be adjusted for changes in the market price of either CPILP units or Atlantic Power shares. Changes in the price of Atlantic Power's shares prior to completion of the Plan of Arrangement may affect the market value that CPILP unitholders will receive on the date of the effective time for the Plan of Arrangement. Share price changes may result from a variety of factors (many of which are beyond Atlantic Power's or Capital Power's control).

Because the Plan of Arrangement will be completed after the date of the special meetings, at the time of the applicable special meeting, you will not know the exact market value of the Atlantic Power shares that CPILP unitholders will receive upon completion of the Plan of Arrangement.

If the price of Atlantic Power common shares increases between the time of the special meetings and the effective time of the Plan of Arrangement, CPILP unitholders will receive Atlantic Power common shares that have a market value that is greater than the market value of such shares at the time of the special meetings. If the price of Atlantic Power common shares decreases between the time of the special meetings and the effective time of the Plan of Arrangement, CPILP unitholders will receive Atlantic Power common shares that have a market value that is less than the market value of such shares at the time of the special meetings. Therefore, because the exchange ratio is fixed, Atlantic Power shareholders and CPILP unitholders cannot be sure at the time of the special meetings of the market value of the share consideration that will be paid to CPILP unitholders upon completion of the Plan of Arrangement.

Failure to complete the Plan of Arrangement could negatively impact the share or unit prices and the future business and financial results of Atlantic Power and CPILP.

If the Plan of Arrangement is not completed, the ongoing businesses of Atlantic Power and CPILP may be adversely affected. If the Plan of Arrangement is not completed, CPILP will have to consider alternative transactions, including the internalization of management. Additionally, if the Plan of Arrangement is not completed and the Arrangement Agreement is terminated, either Atlantic Power or CPILP, as the case may be, may be required to pay to the other a break-up fee under the Arrangement Agreement in the amount of C\$35.0 million. The foregoing risks, or other risks arising in connection with the failure of the Plan of Arrangement, including the diversion of management attention from conducting the business of the respective entity and pursuing other opportunities during the pendency of the Plan of Arrangement, may have an adverse effect on the business, operations, financial results and share or unit prices of Atlantic Power and CPILP.

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The Arrangement Agreement contains provisions that could discourage a potential competing acquirer of CPILP.

The Arrangement Agreement contains "no shop" provisions that, subject to limited exceptions, restrict CPILP's and the General Partner's ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire units or assets of CPILP. In certain specified circumstances, one of the parties will be required to pay a break-up fee of C\$35.0 million to the other party. See "Summary of the Arrangement Agreement Covenants Non-Solicitation" on page 100 and " Termination of the Arrangement Agreement Termination Payment" beginning on page 103.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of CPILP from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share or unit cash or market value than the market value proposed to be received or realized in the Plan of Arrangement, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the C\$35.0 million termination fee that may become payable in certain circumstances.

In certain circumstances, if the Arrangement Agreement is terminated without any payment of a termination payment, Atlantic Power or CPILP may be required to make an expense reimbursement payment to the other party.

Under the Arrangement Agreement, CPILP would be required to make an expense reimbursement payment to Atlantic Power, up to a maximum of C\$8.0 million, in the event the Arrangement Agreement is terminated in certain circumstances, including, but not limited to, if the CPILP unitholders do not approve the Arrangement Resolution at the CPILP special meeting.

Under the Arrangement Agreement, Atlantic Power would be required to make an expense reimbursement payment to CPILP, up to a maximum of C\$8.0 million, in the event the Arrangement Agreement is terminated in certain circumstances, including, but not limited to, if the Atlantic Power shareholders do not approve the Share Issuance Resolution at the Atlantic Power special meeting.

If the Arrangement Agreement is terminated and either Atlantic Power or CPILP determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the Plan of Arrangement.

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

Atlantic Power intends to finance the cash portion of the purchase price to complete the Plan of Arrangement by issuing up to approximately C\$200.0 million of equity and up to approximately C\$425.0 million of debt through public and private offerings. However, in the event that such financing is not available on terms satisfactory to Atlantic Power, Atlantic Power has received the written commitment of a Canadian chartered bank and another financial institution to structure, arrange, underwrite and syndicate the Tranche B Facility, being a senior secured credit facility in the amount of \$625 million. Funding under the Tranche B Facility is subject to certain conditions, including, without limitation, that there shall not have occurred a Material Adverse Effect (as defined in the Arrangement Agreement) in respect of Atlantic Power, CPILP, the General Partner and CPI Investments taken as a whole. In the event that the lenders under the Tranche B Facility fail to provide funding, Atlantic Power may not be able to complete the Plan of Arrangement and may be subject to a termination fee of C\$35.0 million.

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Obtaining required governmental and court approvals necessary to satisfy closing conditions may delay or prevent completion of the Plan of Arrangement.

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. 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. See Summary of the Arrangement Agreement "Conditions Precedent to the Plan of Arrangement" beginning on page 94 for a discussion of the conditions to the completion of the Plan of Arrangement and "The Arrangement Agreement and Plan of Arrangement Regulatory Approvals Required for the Plan of Arrangement and Other Regulatory Matters" beginning on page 88 for a description of the regulatory approvals necessary in connection with the Plan of Arrangement.

Risk Factors Relating to the Combined Company Following the Plan of Arrangement

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 the ability of the Combined Company 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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The growth plans of the Combined Company 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 the Combined Company's business strategy and requires that it identifies and consummates suitable acquisition or investment opportunities that meet its investment criteria and are compatible with its growth strategy. The Combined Company may not be successful in identifying and consummating acquisitions or investments that meet its 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 the Combined Company's growth and negatively affect its results of operations and cash available for distribution to its shareholders.

Increased debt and debt service obligations may adversely affect the Combined Company.

Atlantic Power intends to finance the cash portion of the purchase price to complete the Plan of Arrangement by issuing up to approximately C\$200.0 million of equity and up to approximately C\$425.0 million of debt through public and private offerings. However, in the event Atlantic Power is unable to successfully complete such offerings, it may need to borrow up to approximately \$625.0 million pursuant to a senior secured term loan facility. Such facility will be guaranteed by Atlantic Power and each of its existing and subsequently acquired or organized direct or indirect subsidiaries (excluding CPILP and each of its subsidiaries), and to contain covenants restricting certain actions by Atlantic Power and its 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 Atlantic Power and the lender parties thereto, the exact terms of which will be negotiated before the effective time for the Plan of Arrangement.

After the Plan of Arrangement, the Combined Company will have an increased amount of indebtedness. On a pro forma basis assuming the Plan of Arrangement was consummated on _____, the Combined Company would have had _____ of indebtedness. The Combined Company may also obtain additional long-term debt and working capital lines of credit to meet future financing needs, subject to certain restrictions under its existing indebtedness, which would increase its total debt.

The potential significant negative consequences on the Combined Company's financial condition and results of operations that could result from its increased amount of debt include:

limitations on the Combined Company's ability to obtain additional debt or equity financing;

instances in which the Combined Company is unable to meet the financial covenants contained in its 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 the Combined Company's outstanding indebtedness;

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

requiring the Combined Company to sell debt or equity securities or to sell some of its core assets, possibly on unfavorable terms, to meet payment obligations;

compromising the Combined Company's flexibility to plan for, or react to, competitive challenges in its business and the power industry;

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

limitations on the Combined Company's ability to execute business development activities to support its strategies.

A downgrade in Atlantic Power's or CPILP's credit ratings or any deterioration in their credit quality could negatively affect the Combined Company's ability to access capital and its 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 the Combined Company's 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.

The Plan of Arrangement, if completed, will dilute the the ownership position of Atlantic Power's current common shareholders in the Combined Company.

If the Plan of Arrangement is completed, Atlantic Power would issue approximately 31.5 million common shares in connection with the Plan of Arrangement, representing approximately 31.49% of its outstanding common shares after giving effect to the Plan of Arrangement (based on the number of Atlantic Power common shares outstanding on June 20, 2011, being the date of the Arrangement Agreement, and excluding any common shares that may be issued to finance the cash portion of the purchase price under the Plan of Arrangement). Consequently, following the Plan of Arrangement, Atlantic Power's current shareholders, as a general matter, would have less influence over the management and policies of the Combined Company than they currently exercise over the management and policies of Atlantic Power.

The Combined Company's results of operations may differ significantly from the unaudited pro forma condensed combined financial data included in this joint proxy statement.

This joint proxy statement includes unaudited pro forma condensed combined financial statements to illustrate the effects of the Plan of Arrangement on Atlantic Power's historical financial position and operating results. The unaudited pro forma condensed combined statements of income for the fiscal year ended December 31, 2010 and for the three months ended March 31, 2011 combine the historical consolidated statements of income 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 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.

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The Combined Company is expected to incur significant expenses related to the integration of Atlantic Power and CPILP.

The Combined Company is expected 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 Atlantic Power and CPILP have assumed that a certain level of expenses will be incurred, there are many factors beyond their 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 the Combined Company 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 the Combined Company records in connection with the Plan of Arrangement become impaired, the Combined Company could have to take significant charges against earnings.

In connection with the accounting for the Plan of Arrangement, the Combined Company expects to record a significant amount of goodwill and other intangible assets. Under U.S. GAAP, the Combined Company 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 intangible assets will result in a charge against earnings, which could materially adversely affect the Combined Company's results of operations and shareholders' equity in future periods.

Atlantic Power, CPILP and, subsequently, the Combined Company 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 the Combined Company.

The Combined Company 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 the ability of Atlantic Power, CPILP or the Combined Company to attract, motivate and retain executives and other key employees and keep them focused on applicable strategies and goals. A failure by Atlantic Power, CPILP or the Combined Company 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 the business of Atlantic Power, CPILP or the Combined Company.

The Atlantic Power common shares to be received by CPILP unitholders as a result of the Plan of Arrangement will have different rights from the CPILP units.

Upon completion of the Plan of Arrangement, many CPILP unitholders will become Atlantic Power shareholders and their rights as shareholders will be governed by Atlantic Power's articles and the *Business Corporations Act* (British Columbia) (the "BCBCA"). The rights associated with CPILP units are different from the rights associated with Atlantic Power common shares. Please see "Comparison of Rights of Atlantic Power Shareholders and CPILP Unitholders" beginning on page 140 for a discussion of the different rights associated with Atlantic Power common shares.

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

Atlantic Power and CPILP currently anticipate that the Plan of Arrangement will be immediately accretive to distributable cash flow per share of the Combined Company. This expectation is based on preliminary estimates, which may materially change. The Combined Company could also encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits anticipated in the Plan of Arrangement. All of these factors could cause dilution to the Combined Company's 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 the Combined Company's common shares. Accordingly, Atlantic Power may not be able to increase its dividends following completion of the Plan of Arrangement as currently planned.

Atlantic Power and CPI Preferred Equity Ltd. are subject to Canadian tax.

As a Canadian corporation, Atlantic Power is generally subject to Canadian federal, provincial and other taxes, and dividends paid by it are generally subject to Canadian withholding tax if paid to a shareholder that is not a resident of Canada. In connection with Atlantic Power's conversion from an IPS structure to a traditional common share structure in 2009 and the related reorganization of its organizational structure, Atlantic Power received a note from its primary US holding company (the "**Intercompany Note**"). Atlantic Power is required to include in computing its taxable income interest on the Intercompany Note and following the completion of the Plan of Arrangement, income earned by CPILP. Atlantic Power expects that its existing tax attributes initially will be available to offset this income inclusion such that it will not result in an immediate material increase to its liability for Canadian taxes. However, once Atlantic Power fully utilizes its existing tax attributes (or if, for any reason, these attributes were not available), Atlantic Power's Canadian tax liability would materially increase. Although Atlantic Power intends to explore potential opportunities in the future to preserve the tax efficiency of its structure, no assurances can be given that its Canadian tax liability will not materially increase at that time.

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.

Atlantic Power's prior and current structure, and its incorporation of the CPILP structure following the Plan of Arrangement, may be subject to additional US federal income tax liability.

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

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subordinated notes or the Intercompany Note should be treated as equity rather than debt for US 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, in the case of the Intercompany Note, would be subject to US withholding tax to the extent Atlantic Power's primary US holding company had current or accumulated earnings and profits. The determination of whether the subordinated notes and the primary US holding company's indebtedness to Atlantic Power is debt or equity for US federal income tax purposes is based on an analysis of the facts and circumstances. There is no clear statutory definition of debt for US 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, Atlantic Power's US federal income tax liability for the applicable open tax years would materially increase, which could materially affect the after-tax cash available to Atlantic Power to distribute. 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, in the case of the Intercompany Note, the remainder would be subject to US withholding tax to the extent Atlantic Power's primary US holding company had current or accumulated earnings and profits. Atlantic Power has 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 US "earnings stripping" limitations, Atlantic Power's primary US 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 US holding company on all debt, including the Intercompany Note, less its interest income) exceeds 50% of its adjusted taxable income (generally, US 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, although recent proposals in the Fiscal Year Budget for 2010 would only apply the revised rules to certain foreign corporations that were expatriated. Furthermore, if Atlantic Power's primary US holding company does not make regular interest payments as required under the Intercompany Note, other limitations on the deductibility of interest under US federal income tax laws could apply to defer and/or eliminate all or a portion of the interest deduction that the US holding company would otherwise be entitled to with respect to the Intercompany Note.

CPILP's US structure has in place intercompany financing arrangements (the "**CPILP Financing Arrangements**"). While CPILP has received advice from its US accountants, based on certain representations by its holding companies, that the payments on the CPILP Financing Arrangements should be deductible for US 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. In addition, even if the payments are respected as interest, the deduction thereof could nevertheless be limited by the earnings stripping limitations, as discussed in the preceding paragraph. The earnings stripping limitations will also apply to other indebtedness of CPILP's US group that is guaranteed by CPILP or Atlantic Power. Finally, the applicability of recent changes to the US-Canada Income Tax Treaty to the structure associated with certain of the CPILP Financing Arrangements may result in distributions from CPILP's US group to its Canadian parent being subject to a 30% rate of withholding tax instead of the 5% rate that would otherwise have applied.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement 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 joint proxy statement 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 Atlantic Power and CPILP 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; and

other risk factors relating to the power industry, as detailed from time to time in Atlantic Power's filings with the Securities and Exchange Commission ("**SEC**") and the Canadian Securities Administrators (the "**CSA**"), and CPILP's filings with the CSA.

Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in this joint proxy statement, as well as under Item 1A in Atlantic Power's Annual Report on Form 10-K for the fiscal year ended

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December 31, 2010, as updated by subsequent Quarterly Reports on Form 10-Q, all of which are filed with the SEC and incorporated by reference into this joint proxy statement. These important factors also include those set forth under the section entitled "Risk Factors", beginning on page 22 of the joint proxy statement.

Readers are cautioned that any forward-looking statement speaks only as of the date of this joint proxy statement or, if such statement is included in a document incorporated by reference into this joint proxy statement, as of the date of such other document. Neither Atlantic Power nor CPILP undertakes any 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. Atlantic Power and CPILP caution further that, as it is not possible to predict or identify all relevant factors that may impact forward-looking statements, the foregoing list should not be considered a complete statement of all potential risks and uncertainties.

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THE ENTITIES

Atlantic Power Corporation

Atlantic Power owns and operates a diverse fleet of power generation and infrastructure assets in the United States. Atlantic Power'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. Atlantic Power's power generation projects in operation have an aggregate gross electric generation capacity of approximately 1,948 MW in which Atlantic Power's ownership interest is approximately 871 MW. Atlantic Power's corporate strategy is to generate stable cash flows from Atlantic Power's existing assets and to make accretive acquisitions to sustain Atlantic Power's dividend payout to shareholders, which is currently paid monthly at an annual rate of C\$1.094 per share. Atlantic Power's current portfolio consists of interests in 12 operational power generation projects across nine states, one 53 MW biomass project under construction in Georgia, and an 84-mile, 500 kilovolt electric transmission line located in California. Atlantic Power also owns a majority interest in Rollcast Energy, a biomass power plant developer with several projects under development.

Atlantic Power sells the capacity and power from its projects under PPAs with a variety of utilities and other parties. Under the PPAs, which have expiration dates ranging from 2010 to 2037, Atlantic Power receives payments for electric energy sold to its customers (known as energy payments), in addition to payments for electric generation capacity (known as capacity payments). Atlantic Power also sells steam from a number of its projects under steam sales agreements to industrial purchasers. The transmission system rights owned by Atlantic Power in its power transmission project entitle it to payments indirectly from the utilities that make use of the transmission line.

Atlantic Power's projects generally operate pursuant to long-term 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 most of the PPAs and steam sales agreements provide for the pass-through or indexing of fuel costs to Atlantic Power's customers.

Atlantic Power partners with recognized leaders in the independent power business to operate and maintain its projects, including Caithness Energy LLC, Power Plant Management Services and the Western Area Power Administration. Under these operation, maintenance and management agreements, the operator is typically responsible for operations, maintenance and repair services.

Atlantic Power's common shares trade on the NYSE under the symbol "AT" and on the TSX under the symbol "ATP". Additional information about Atlantic Power is included in documents incorporated by reference into this joint proxy statement. See "Where You Can Find More Information" beginning on page 149.

Atlantic Power is corporation continued under the laws of the Province of British Columbia. Atlantic Power's headquarters are located at 200 Clarendon Street, Floor 25, Boston, Massachusetts, USA 02116, telephone number 617-977-2400. Atlantic Power's registered office is located at 355 Burrard Street, Suite 1900, Vancouver, British Columbia, Canada V6C 2G8.

Capital Power Income L.P.

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%

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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 is a limited partnership created under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 27, 1997, as amended, which we refer to in this joint proxy statement as CPILP's partnership agreement. CPILP is only permitted to carry on activities that are directly or indirectly related to the energy supply industry and to hold investments in other entities which are primarily engaged in such industry. The head office of CPILP is located at 10065 Jasper Avenue, Edmonton, Alberta, T5J 3B1. The registered office of CPILP is 200 University Avenue, Toronto, Ontario, M5H 3C6, telephone number 1-866-896-4636 (toll free). See "Information Regarding CPILP" beginning on page 119.

CPI Income Services Ltd.

The General Partner is the general partner of CPILP and is responsible for the management of CPILP. Pursuant to CPILP's partnership agreement, the General Partner is prohibited from undertaking any business activity other than acting as general partner of CPILP. The General Partner has engaged the Manager, which consists of two subsidiaries of Capital Power, to perform management and administrative services for CPILP and to operate and maintain CPILP's power plants pursuant to certain management and operations agreements. The management and operations agreements will be terminated and/or assigned in connection with the Plan of Arrangement in consideration for the payment of an aggregate of C\$10.0 million. See "Summary of the Arrangement Agreement Summaries of Other Agreements Relating to the Arrangement Management Agreements Termination Agreement and Management Agreement Assignment Agreement" beginning on page 106.

The General Partner was incorporated on February 13, 1997 under the CBCA. The General Partner is a wholly-owned subsidiary of CPI Investments. The head and registered office of The General Partner is located at 10065 Jasper Avenue, Edmonton, Alberta, T5J 3B1, telephone number 1-866-896-4636 (toll free).

CPI Investments Inc.

CPI Investments is 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.

Capital Power LP holds a 49% voting interest and a 100% economic interest in CPI Investments and EPCOR holds the other 51% voting interest in CPI Investments. Pursuant to the shareholders agreement in respect of CPI Investments, CPILP and EPCOR agreed that the board of directors of CPI Investments shall consist of three directors and EPCOR is entitled to nominate one person for election to the board of directors of CPI Investments.

CPI Investments was incorporated on February 12, 2009 under the CBCA. The head and registered office of CPI Investments is located at TD Tower, 5th Floor, 10088-102 Avenue, Edmonton, Alberta, Canada, T5J 2Z1, telephone number 1-866-896-4636 (toll free).

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THE ATLANTIC POWER SPECIAL MEETING

Date, Time and Place

The special meeting of Atlantic Power shareholders will be held at the King Edward Hotel, _____, 37 King Street East, Toronto, Ontario on _____, the _____ day of _____, 2011 at the hour of _____ a.m. (Toronto time).

Purpose of the Special Meeting

At the Atlantic Power special meeting, Atlantic Power shareholders will be asked to vote on the following resolutions:

to consider, and if thought advisable, to approve, with or without variation, the Share Issuance Resolution, the full text of which is set forth in Annex F to this management proxy circular and joint proxy statement, authorizing Atlantic Power to issue such number of common shares in the capital of Atlantic Power as is necessary to complete the Arrangement, being 1.3 Atlantic Power common shares for each CPILP unit to a maximum of 31,500,221 Atlantic Power common shares pursuant to the terms of the Arrangement Agreement (all as more particularly described in this joint proxy statement); and

to transact such further or other business as may properly come before the Atlantic Power special meeting or any adjournments or postponements thereof.

Recommendations of the Board of Directors of Atlantic Power

At a meeting held on June 19, 2011, after considering, Atlantic Power's board of directors unanimously determined that the Arrangement and the other transactions contemplated by the Arrangement Agreement, including the issuance of Atlantic Power common shares necessary to complete the Arrangement, are in the best interests of Atlantic Power and is fair to its stakeholders. **Accordingly, the Atlantic Power board of directors unanimously recommends that the Atlantic Power shareholders vote "FOR" the Share Issuance Resolution.** For a discussion of the material factors considered by the Atlantic Power board of directors in reaching its conclusions, see "The Arrangement Agreement and Plan of Arrangement Atlantic Power's Reasons for the Agreement"; Recommendations of the Atlantic Power Board of Directors; beginning on page 55.

Atlantic Power shareholders should carefully read this joint proxy statement in its entirety for more detailed information concerning the Plan of Arrangement and the Arrangement Agreement. In addition, Atlantic Power shareholders are directed to the Arrangement Agreement which is included as Annex A in this joint proxy statement.

Share Issuance Resolution

Pursuant to the rules of the NYSE and TSX, securityholder approval is required in instances where the number of securities issued or issuable in payment of the purchase price in a transaction such as the Plan of Arrangement exceeds 20% (NYSE) or 25% (TSX) of the number of securities of the listed issuer which are outstanding, on a non-diluted basis. Because the Arrangement Agreement contemplates the issuance of Atlantic Power common shares in excess of these thresholds on a non-diluted basis, the rules of the NYSE and TSX require that Atlantic Power must obtain approval of the Share Issuance Resolution by the holders of a majority of the Atlantic Power common shares represented in person or by proxy at the Atlantic Power special meeting.

As of the close of business on the date of this joint proxy statement, there were approximately _____ outstanding Atlantic Power common shares. If the Plan of Arrangement is completed, Atlantic Power currently estimates that it will issue or reserve for issuance approximately _____ Atlantic Power common shares (equal to approximately _____ of Atlantic Power's current issued and outstanding

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common shares) pursuant to or as contemplated by the Arrangement Agreement, including up to approximately 31.5 million Atlantic Power common shares issuable in exchange for CPILP units in the Plan of Arrangement and such other Atlantic Power common shares pursuant to offerings to be conducted to raise cash proceeds to be used to satisfy the cash portion of the purchase price under the Plan of Arrangement.

Record Date; Shares Entitled to Vote

Only holders of Atlantic Power common shares at the close of business on _____, 2011, the record date for the Atlantic Power special meeting, will be entitled to notice of, and to vote at, the Atlantic Power special meeting or any adjournments or postponements thereof, except to the extent the shareholder has transferred any such common shares after the record date and the transferee of such common shares establishes ownership thereof and makes a written demand to the Corporate Secretary of Atlantic Power, not later than 10 days before the date of the special meeting, to be included in the list of shareholders entitled to vote at the special meeting, in which case the transferee will be entitled to vote such common shares. On the record date, there were outstanding a total of approximately _____ Atlantic Power common shares. Each outstanding Atlantic Power common share is entitled to one vote on the Share Issuance Resolution and any other matter properly coming before the Atlantic Power special meeting. The Atlantic Power common shares represented by the proxy will be voted for, voted against or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for. If the shareholder specifies that the shares registered in the shareholder's name be voted for, voted against or withheld with respect to any matter to be acted upon, the shares will be voted accordingly.

Share Ownership by and Voting Rights of Directors and Executive Officers

As of the close of business on the Atlantic Power record date, Atlantic Power's directors and executive officers and their affiliates beneficially owned and had the right to vote _____ Atlantic Power common shares at the Atlantic Power special meeting, which represents approximately _____ % of the Atlantic Power common shares entitled to vote at the Atlantic Power special meeting. Each of the directors and officers of Atlantic Power have indicated their intention to vote in favor of the Share Issuance Resolution.

Quorum

A quorum must be present at the Atlantic Power special meeting for any business to be conducted. Pursuant to Atlantic Power's articles, the presence of two persons, present in person, each being an Atlantic Power shareholder entitled to vote or a duly appointed proxy for an Atlantic Power shareholder so entitled constitutes a quorum.

Required Vote

The Share Issuance Resolution will be approved if a majority of the votes cast by Atlantic Power shareholders, either in person or by proxy at the Atlantic Power special meeting, vote in favor of the resolution.

Failure to Vote and Broker Non-Votes

If you are an Atlantic Power shareholder and fail to vote or fail to instruct your broker, investment dealer or other intermediary to vote, it will have no effect on any of the Atlantic Power proposals, assuming a quorum is present.