

ATLANTIC POWER CORP  
Form DEF 14A  
May 02, 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**

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(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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**NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS AND  
MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT**

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**ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 24, 2011**

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April 28, 2011

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual meeting (the "**Meeting**") of the shareholders of Atlantic Power Corporation (the "**Corporation**") will be held at the King Edward Hotel, Hampstead Room, 37 King Street East, Toronto, Ontario on Friday, the 24th day of June, 2011 at the hour of 10:00 a.m. (Toronto time) for the following purposes:

1. **TO RECEIVE** the financial statements of the Corporation for the year ended December 31, 2010, together with the report of the auditors thereon;
2. **TO SET** the number of directors of the Corporation at six and to elect such directors to the board;
3. **TO APPOINT** auditors of the Corporation and authorize the board of directors of the Corporation to fix the remuneration of the auditors;
4. **TO HOLD** an advisory vote on named executive officer compensation;
5. **TO HOLD** an advisory vote on the frequency of the advisory vote on named executive officer compensation; and
6. **TO TRANSACT** such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

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

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

The Corporation's Information Circular and Proxy Statement and Annual Report for the period ended December 31, 2010 are available at [www.atlanticpower.com](http://www.atlanticpower.com) under "INVESTORS Securities Filings."

**DATED** at Toronto, Ontario this 28th day of April, 2011.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Irving Gerstein"*

Chair of the Board of Directors  
Atlantic Power Corporation

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**ATLANTIC POWER CORPORATION  
INFORMATION CIRCULAR AND PROXY STATEMENT**

This information circular and proxy statement (the "**Information Circular and Proxy Statement**") is furnished in connection with the solicitation of proxies by or on behalf of management of Atlantic Power Corporation (the "**Corporation**"), for use at the annual meeting (the "**Meeting**") of shareholders (the "**Shareholders**") of the Corporation to be held on June 24, 2011 at the King Edward Hotel, 37 King Street East, Toronto, Ontario commencing at 10:00 a.m. (Toronto time), and at all postponements or adjournments thereof, for the purposes set forth in the accompanying notice of the Meeting (the "**Notice of Meeting**"). In this Information Circular and Proxy Statement, references to "Cdn\$" and "Canadian dollars" are to the lawful currency of Canada and references to "\$", "US\$" and "U.S. dollars" are to the lawful currency of the United States. All dollar amounts herein are in U.S. dollars, unless otherwise indicated. The information contained herein is given as at April 28, 2011, except where otherwise noted.

This Information Circular and Proxy Statement is being first mailed to Shareholders on or about May 17, 2011.

**VOTING AND QUORUM**

A quorum must be present at the Meeting for any business to be conducted. Pursuant to the Corporation's Articles of Continuance, 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.

Shareholders may vote by attending the Meeting and voting in person. If you choose not to attend the Meeting, you may still authorize your proxy by mailing a proxy card. All shares entitled to vote and represented by properly executed proxies received before the polls are closed at the Meeting, and not revoked or superseded, will be voted at the Meeting in accordance with the instructions indicated on those proxies.

For purposes of counting votes, abstentions and broker non-votes will not be counted as votes cast at the Meeting.

**PROXY SOLICITATION AND VOTING**

**Solicitation of Proxies**

The board of directors of the Corporation (the "**Directors**", the "**Board**", or the "**Board of Directors**") is soliciting proxies for the Meeting. The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by employees of the Corporation, at nominal cost. The Corporation will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of the Information Circular and Proxy Statement.

**Appointment and Revocation of Proxies**

Together with the Information Circular and Proxy Statement, the Shareholders will also be sent a form of proxy (a "**Form of Proxy**"). The persons named in such proxy are directors of the Corporation. A Shareholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by crossing out the persons named in the enclosed proxy and inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy. Such other person need not be a Shareholder of the Corporation.

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To be valid, proxies or instructions must be deposited at the offices of Computershare Trust Company of Canada (the "**Agent**"), 9th Floor, North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so as not to arrive later than 10:00 a.m. (Toronto time) on June 22, 2011, or be deposited with the chair of the Meeting (the "**Chair of the Meeting**") prior to the commencement of the Meeting. If the Meeting is adjourned, proxies or instructions to the Agent must be deposited 48 hours (excluding Saturdays, Sundays and holidays), before the time set for any reconvened meeting at which the proxy or instructions are to be used, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting or any reconvened meeting.

The document appointing a proxy must be in writing and completed and signed by a Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Instructions provided to the Agent by a Shareholder must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrators, and trustees or similarly otherwise should so indicate and provide satisfactory evidence of such authority.

A Shareholder that has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law. A Shareholder that has given instructions to their nominee with respect to the voting of the Common Shares may revoke the instructions: (a) by completing and signing instructions bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Agent at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the instructions are to be relied on, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

### **Voting of Proxies**

The persons named in the accompanying Form of Proxy will vote Common Shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy. In the absence of such specification, such Common Shares will be voted at the Meeting as follows:

**FOR the setting of the number of directors of the Corporation at six, and for the election of Irving Gerstein, Kenneth Hartwick, John McNeil, R. Foster Duncan, Holli Nichols and Barry Welch to the board of directors to fill these positions as described under the heading "Matters to be Considered at the Meeting Election of Directors";**

**FOR the appointment of KPMG LLP as auditors of the Corporation and to authorize the board of directors to fix the auditor's remuneration;**

**FOR the approval of named executive officer compensation; and**

**FOR a frequency of one year for the advisory vote on named executive officer compensation.**

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For more information on these issues, please see the section entitled "Matters to be Considered at the Meeting" in this Information Circular and Proxy Statement.

The persons appointed under the Form of Proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the Form of Proxy and the Notice of Meeting and with respect to other matters, which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter or business. At the time of printing the Information Circular and Proxy Statement, the Directors of the Corporation know of no such amendments, variations or other matters.

### INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

**Information set forth in this section is very important to persons who hold Common Shares otherwise than in their own names.** A non-registered securityholder of the Corporation (a "**Beneficial Holder**") who beneficially owns Common Shares, but whose Common Shares are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee who holds securities on behalf of the Beneficial Holder or in the name of a clearing agency in which the intermediary is a participant,) should note that only proxies or instructions deposited by securityholders whose names are on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to a Beneficial Holder by a broker are likely not registered in the Beneficial Holder's own name on the records of the Corporation and such Common Shares are more likely registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Holders in advance of securityholders' meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to registered securityholders. However, its purpose is limited to instructing the registered securityholder how to vote on behalf of the Beneficial Holder. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the securities to be represented at the Meeting. A Beneficial Holder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Holders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of CDS or their broker or other intermediary, a Beneficial Holder may attend at the Meeting as proxy holder for the registered holder and vote their Common Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Common Shares as proxy holder for the registered holder should enter their own names in the blank space on the Form of Proxy or voting instruction form provided to them and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As of the date of this Information Circular and Proxy Statement, there were 68,531,901 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on April 28, 2011, the record date established for the Notice of Meeting (the "**Record Date**"), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting, except to the extent such 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 the Corporation, not later than 10 days before the date of the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares.

At the close of business on the Record Date, there were 68,531,901 common shares outstanding and entitled to be voted at the Meeting.

To the knowledge of the Directors, there are no persons that beneficially own or exercise control or direction over Common Shares carrying approximately 10% or more of the votes attached to the issued and outstanding Common Shares.

## MATTERS TO BE CONSIDERED AT THE MEETING

### Election of Directors

The number of directors proposed to be elected at the Meeting is six. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, intend to vote for setting the number of directors of the Corporation at six and for the election, as directors, of the proposed nominees whose names are set out below.** It is not contemplated that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee at their discretion. Each nominee elected as a director will hold office until the next annual meeting of the Shareholders or until his successor is elected or appointed.

Director nominees must receive a plurality of the votes cast by Shareholders in order to be elected.

In May 2009, the Board of Directors reviewed and adopted a majority voting policy. Under this policy, a director who is elected in an uncontested election with more votes withheld than cast in favour of his or her election will be required to tender his or her resignation to the Chairman of the Board. The resignation will be effective when accepted by the Board. The Board will consider the resignation and determine whether or not the resignation should be accepted. The Board expects that resignations will be accepted unless there are extenuating circumstances that warrant a contrary decision. The Board will announce its decision (including, if applicable, the reasons for not accepting any resignation) via press release within 90 days of the meeting when the election was held.

The following table sets forth the names of, and certain information for, the individuals proposed to be nominated for election as directors. The nominees make up the current board of directors of the Corporation. Biographies for each nominee, which include a summary of each nominee's age, positions



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with the Corporation, principal occupation and employment within the five preceding years, are set out below.

Name and Province of Residence	Age	Position	Principal Occupation	Date Appointed as a Director	Ownership or Control over Common Shares <sup>(1)</sup>
IRVING GERSTEIN <sup>(2),(3)</sup> Ontario, Canada	70	Director	Member of the Senate of Canada, Corporate Director	October 4, 2004	10,400
KENNETH HARTWICK <sup>(2),(4)</sup> Ontario, Canada	48	Director	CEO, President and Director, Just Energy Group Inc.	October 4, 2004	55,552 <sup>(5)</sup>
JOHN MCNEIL <sup>(2)</sup> Ontario, Canada	69	Director	President, BDR North America Inc.	October 4, 2004	12,500
R. FOSTER DUNCAN <sup>(2)</sup> Ohio, U.S.A.	57	Director	Managing Partner, SAIL Capital Partners, LLC	June 29, 2010	
HOLLI NICHOLS <sup>(2)</sup> Texas, U.S.A.	40	Director	Managing Director, SCF Partners	June 29, 2010	1,840 <sup>(6)</sup>
BARRY WELCH Massachusetts, U.S.A.	53	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Corporation	June 6, 2007	399,254 <sup>(7)</sup>

Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually as of April 28, 2011.
- (2) Each independent Director is also a member of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee of the Corporation.
- (3) Chair of the Board and the Nominating and Corporate Governance Committee.
- (4) Chair of the Audit Committee and the Compensation Committee.
- (5) This number includes 53,552 notional shares issued to Mr. Hartwick under the DSU Plan (as defined herein). For further details on the DSU Plan, see the discussion under "Compensation of Directors - Deferred Share Unit Plan" in this Information Circular and Proxy Statement.
- (6) This number includes 1,840 notional shares issued to Ms. Nichols under the DSU Plan (as defined herein). For further details on the DSU Plan, see the discussion under "Compensation of Directors - Deferred Share Unit Plan" in this Information Circular and Proxy Statement.
- (7) This number includes 176,149 unvested notional units granted under the Corporation's long-term incentive plan.

## Biographies

**Irving R. Gerstein, C.M., O.Ont:** The Honourable Irving R. Gerstein has been a director of the Corporation since October 2004. Senator Gerstein is a Member of the Order of Canada and a Member of the Order of Ontario, and was appointed to the Senate of Canada in December 2008. He is a retired executive, and is currently a director of Medical Facilities Corporation and Student Transportation Inc., and previously served as a director of other public companies including Economic Investment Trust Limited, CTV Inc., Traders Group Limited, Guaranty Trust Company of Canada, Confederation Life Insurance Company and Scott's Hospitality Inc., and as an officer and director of Peoples Jewellers Limited. Senator Gerstein is an honorary director of Mount Sinai Hospital (Toronto), having previously served as Chairman of the Board, Chairman Emeritus and a director over a period of 25 years, and is currently a member of its Research Committee. Senator Gerstein earned his BSc in Economics from the University of Pennsylvania (Wharton School of Finance and Commerce). Mr. Gerstein's substantial experience on the boards of numerous other public companies and his prior experience as an executive of a substantial public company make him a valued advisor and highly qualified to serve as chairman of our board of directors and as chairman of our Nominating and Corporate Governance Committee. On February 24, 2011, the Office of the Commissioner of Elections, a Canadian federal agency, laid charges against the Conservative Party of Canada, Conservative Fund Canada and four individuals, including Senator Gerstein, with violations of the Canada Elections Act in connection with the 2006 Canadian federal election campaign. The charges against Senator Gerstein relate to knowingly exceeding the federal party spending limit and filing a related misleading statement with Elections Canada. The charges are "summary" offenses and, if convicted, the individuals face a maximum fine of Cdn\$2,000 and/or one year in prison for each offense. There is no mandatory minimum penalty. The defendants believe that the allegations are a result of differing interpretations of the Canadian election rules and intend to strongly defend against any charges of wrongdoing.

**Ken Hartwick, C.A.:** Mr. Hartwick has been a director of the Corporation since October 2004. Ken Hartwick has over 13 years of management experience in the energy sector, and 20 years experience in the financial sector. Mr. Hartwick's experience in the energy industry spans several markets having played an integral role as an executive officer for Just Energy Group Inc. since April 2004, helping launch their businesses in Alberta, British Columbia, Indiana, and Texas as well as growing the businesses already established in Manitoba, Ontario, Québec, California, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio and Pennsylvania. He currently serves as the President and CEO for, and is a director on the board of Just Energy, an integrated retailer of commodity products. Mr. Hartwick has served as President and CEO for Just Energy Group Inc. since June 2008, as President from 2006 until June 2008, and as Chief Financial Officer from April 2004 to 2006. Mr. Hartwick understands the issues facing the electricity industry through his previous role as Chief Financial Officer of one of the largest distribution companies in North America, Hydro One Inc., where he gained increasing executive-level responsibility throughout his career, and provided strategic direction as Ontario transitions towards a competitive energy marketplace. Mr. Hartwick earned his Honours of Business Administration from Trent University, Peterborough, Ontario. Mr. Hartwick's substantial experience in the energy industry and financial sector make him a valued advisor and highly qualified to serve as a member of our board of directors and as chairman of our Audit and Compensation Committees.

**John McNeil:** Mr. McNeil has been a director of the Corporation since October 2004. Mr. McNeil is President of BDR NorthAmerica Inc., an energy consulting company based in Toronto, Ontario. Prior to his appointment at BDR NorthAmerica Inc. in 2000, Mr. McNeil was Managing Director Investment Banking with Scotia Capital Inc. from 1996 to 1999. Previously, he was a Senior Vice-President and Director of Scotia McLeod Inc. from 1991 to 1995. Mr. McNeil has extensive expertise in the areas of asset management models, capitalization, mergers and acquisitions, business and enterprise valuations, capital markets and market ratings and has worked extensively throughout North America and Europe.

Mr. McNeil specializes in the electric power sector and his major focus in recent years has been in the field of corporate and enterprise unbundling and reconstitution resulting from the restructuring of the electricity sector in North America. Mr. McNeil earned a B.A. (Honors) from Queens University, a Bachelor of Laws from the University of Toronto and a Master of Business Administration from the University of British Columbia. Mr. McNeil's extensive experience in the financial and capital markets sectors, as well as his expertise in the electric power sector, make him a valued advisor and highly qualified to serve as a member of our board of directors.

**R. Foster Duncan:** Mr. Duncan was elected as a director of the Corporation at our annual general meeting of shareholders held on June 29, 2010. Mr. Duncan has more than 30 years of senior corporate, investment banking, and private equity experience. Mr. Duncan joined SAIL Capital Partners, LLC in April 2011 as a Managing Partner of SAIL Sustainable Partners of Louisiana, LLC. Prior to joining SAIL, he was a Managing Director at Advantage Capital Partners. From 2005 through April 2009, Mr. Duncan was Managing Member of KD Capital L.L.C., an affiliate of Kohlberg Kravis Roberts & Co. (NYSE:KKR), which he and KKR formed in 2005. He worked with KKR and its portfolio companies in connection with creating value and identifying and investing in the energy, utility, natural resources, and infrastructure sectors. From 2001 through 2005 he was with Cinergy Corporation. Mr. Duncan joined Cinergy Corporation as Executive Vice President and CFO of Cinergy Corporation and also served as CEO and President of Cinergy's Commercial Business Unit in part of 2004 and 2005. Mr. Duncan is active with the Edison Electric Institute, serves as a member of the Wall Street Advisory Group, and is the past Chairman of the Finance Executive Advisory Committee. Earlier in his career, he has also held senior management positions at LG&E Energy Corp. and Freeport-McMoRan Copper & Gold (NYSE: FCX) and Howard Weil Incorporated. Mr. Duncan is on the board of directors of North American Energy Alliance, LLC in Iselin, New Jersey and Xtreme Power, Inc. in Austin, Texas and also serves on the Board of Advisors of GridPoint, Inc. in Arlington, Virginia. He is active in a number of civic organizations including the board of directors of the Eye, Ear, Nose and Throat Hospital Foundation in New Orleans, the Board of Trustees of Cincinnati Country Day School and the National Advisory Board of the University of Virginia Jefferson Scholars Program. Mr. Duncan graduated with Distinction from the University of Virginia and later received his MBA degree from the A. B. Freeman Graduate School of Business at Tulane University. Mr. Duncan's extensive experience as a senior executive in the electric utility industry, as well as his experience in the private equity sector, make him a valued advisor and highly qualified to serve on our board of directors.

**Holli C. Nichols:** Ms. Nichols has been a director of the Corporation since June 2010. She currently serves as a Managing Director at SCF Partners, a private equity investor since 1989 that provides equity capital and strategic growth assistance to build energy service and equipment companies that operate throughout the world. Prior to joining SCF Partners in March 2011, Ms. Nichols served as the Executive Vice President and Chief Financial Officer of Dynegy Inc., a provider of wholesale power, capacity and ancillary services in multiple regions of the United States. Prior to joining Dynegy, she was a Senior Manager-Audit with PricewaterhouseCoopers LLP, where she supervised teams that provided audit services to large public companies in the oil and gas industry. A Certified Public Accountant, Ms. Nichols received a bachelor's of science from Baylor University and a master's of business administration from Rice University. She serves on the board of His Grace Foundation, which supports children who undergo bone marrow transplants. Ms. Nichols' extensive experience as a senior executive in the independent power industry, as well as her financial and accounting background, make her a valued advisor and highly qualified to serve on our board of directors.

**Barry Welch:** Mr. Welch has been our President and Chief Executive Officer since October 2004 (until December 31, 2009, through the Manager) and a Director since June 2007. Prior to joining the Corporation, Mr. Welch was the Senior Vice President and co-head of the Bond & Corporate Finance Group of John Hancock Financial Services ("**John Hancock**"), Boston, Massachusetts, from 2000 to 2004.

Mr. Welch served on several committees at John Hancock, including its Pension Investment Advisory Committee and Investment Operating Committee. Mr. Welch was Chairman of John Hancock's Bond Investment Committee and reported monthly on investment portfolio, strategy and activity to the Committee of Finance of John Hancock's board of directors. Mr. Welch also led the development and approval of John Hancock's involvement with ArcLight Capital Partners and served as a member of ArcLight Energy Partners Fund I's Investment Committee. During his time at John Hancock, Mr. Welch headed the Bond and Corporate Finance Group's Power and Energy investment team. From 1989 to 2004, he was involved directly or oversaw \$25 billion of investments in more than 1,000 utility, project finance and oil and gas transactions. Prior to joining John Hancock, Mr. Welch spent more than three years as a developer of power projects at Thermo Electron Corporation's Energy Systems Division (later known as Thermo Ecotek). There, he was involved in greenfield development of natural gas, wood and waste-to-energy projects, as well as asset management roles for operating plants. Mr. Welch earned a Bachelors of Science in Mechanical and Aerospace Engineering from Princeton University, and a Masters of Business Administration from Boston College. Mr. Welch serves on the board of directors of the Walker Home and School in Needham, Massachusetts. Mr. Welch's extensive experience in energy investment and related activities in the financial sector, as well as his in-depth knowledge of our company through his position as President and Chief Executive Officer, make him highly qualified to serve as a member of our board of directors.

### Composition of Board of Directors

Directors are elected by Shareholders at the Corporation's annual general meeting, which is generally held in June of each year. Directors hold office for one year or until their successors are chosen. At the annual general and special meeting of shareholders held on June 29, 2010, Shareholders approved increasing the size of the Board from five to six directors and approved changes to the Corporation's Articles of Continuance reducing the minimum Canadian residency requirement for Directors from 50% to 25%.

The Board of Directors has evaluated the independence of each Director within the meaning of the requirements of the NYSE and has determined that each of Messrs. Gerstein, Hartwick, McNeil and Duncan and Ms. Nichols is an "independent director" under the Corporation's independence standards and under the NYSE corporate governance rules. These five directors comprise a majority of the Corporation's six-member Board of Directors.

### Information Regarding Named Executive Officers

The following table sets forth the names, ages and positions of the Corporation's principal executive officer, principal financial officer, third senior executive officer and two other most highly compensated non-officer employees, collectively referred to as the "**named executive officers**":

Name	Age	Position
Barry Welch	53	Director, President and Chief Executive Officer
Patrick Welch	43	Chief Financial Officer and Corporate Secretary
Paul Rapisarda	57	Managing Director, Acquisitions and Asset Management
William Daniels	52	Senior Director, Asset Management
John J. Hulburt	44	Corporate Controller

**Patrick Welch:** Mr. Welch who is not related to Barry Welch, has been our Chief Financial Officer since May 2006 (until December 31, 2009, through the Manager). He has an extensive background in the energy and independent power industries. Before joining the Corporation, from January 2004 to May 2006,

Mr. Welch was Vice President and Controller of DCP Midstream, ("DCP") and DCP Midstream Partners, LP ("DCPLP") headquartered in Denver, Colorado. DCP is a private midstream natural gas company owned by Spectra Energy and ConocoPhillips and DCPLP is a public master limited partnership sponsored by DCP. In these roles, Mr. Welch was responsible for all accounting, budgeting, SEC and financial reporting and compliance with Section 404 of the *Sarbanes-Oxley Act of 2002* for DCP and DCPLP. Prior to that he held various positions at Dynege Inc. in Houston, Texas, including Vice President and Controller for Dynege Generation, and Assistant Corporate Controller. Prior to Dynege, Mr. Welch was a Senior Audit Manager in the Energy, Utilities and Mining Practice of PricewaterhouseCoopers LLP, predominantly in Houston, Texas, where he served several major energy clients. He earned his Bachelors degree from the University of Central Oklahoma and is a Certified Public Accountant.

**Paul Rapisarda:** Mr. Rapisarda has been our Managing Director, Acquisitions and Asset Management since February 2008. Mr. Rapisarda has 25 years of experience in energy, utility and independent power investment banking. From 2001 to early 2008 he was a Principal with Compass Advisors, a boutique M&A advisory firm in New York, where he was involved in numerous strategic advisory, restructuring and principal transactions in the energy and power sectors. Prior to Compass Advisors, Mr. Rapisarda held senior positions with the energy and utilities investment banking teams at Schrodgers, Merrill Lynch and BT Securities. Prior to that he was a Managing Director and Co-Head, Utilities and Structured Finance, at Drexel Burnham Lambert. While at Drexel, he also worked with the firm's chief financial officer in making direct tax-oriented investments on the firm's behalf. Over the course of his career, Mr. Rapisarda has worked on a broad range of capital markets and advisory transactions including substantial experience in cross-border and emerging markets. He earned his Bachelors degree from Amherst College and his MBA from Harvard Business School.

**William Daniels:** Mr. Daniels has been with the Corporation since March 2007. He is currently Senior Director of Asset Management. Mr. Daniels has 26 years of experience in oil and gas exploration, independent power development, project finance and asset management. Prior to joining the Corporation, from January 2006 to February 2007, Mr. Daniels was Director, Asset Management at American National Power. He has held various positions in asset management and project finance at Calpine Corp. (March 2001 to January 2006), Edison Mission Energy, Citizens Power, J. Makowski Company and the Toronto-Dominion Bank. Prior to receiving his MBA, he worked with Mitchell Energy Corp. as an exploration geologist. Mr. Daniels earned a Bachelor of Science degree in Geology from the University of Rochester, a Master of Science in Geology from the Ohio State University, and an MBA from Columbia University Business School.

**John J. Hulburt:** Mr. Hulburt has been the Corporate Controller of the Corporation since June 2008. Mr. Hulburt has 14 years of experience in the accounting industry. Before joining the Corporation, from February 2007 to June 2008, Mr. Hulburt was Controller of GreatPoint Energy, Inc. headquartered in Cambridge, Massachusetts. GreatPoint Energy is a technology-driven natural resources company and the developer of a proprietary, highly-efficient catalytic process, known as hydromethanation. Mr. Hulburt was responsible for all accounting, budgeting and financial reporting for GreatPoint Energy. Prior to that he was the Chief Financial Officer at Datawatch Corporation (December 2004 to January 2007) in Chelmsford, Massachusetts, and the Chief Financial Officer at Bruker Daltonics in Billerica, Massachusetts (April 2000 to June 2004). Datawatch and Bruker Daltonics were publicly listed Companies on the NASDAQ Exchange. He was responsible for all accounting, budgeting, SEC and financial reporting for Datawatch and Bruker Daltonics. Prior to Bruker Daltonics, Mr. Hulburt was an Audit Manager in the Hi-Technology and Manufacturing Practice of Ernst & Young LLP, where he served several major Hi-Tech and Manufacturing clients. He earned his Bachelors degree from the Merrimack College and is a Certified Public Accountant.

**Appointment of Auditors**

The audit committee of the Corporation (the "**Audit Committee**") recommends to the Shareholders that KPMG LLP be appointed as the independent auditor of the Corporation, to hold office until the next annual meeting of the Shareholders or until their successor is appointed, and that the Directors be authorized to fix the remuneration of the auditors.

The appointment of KPMG LLP as auditors of the Corporation requires the affirmative vote of a majority of the votes cast at the Meeting. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies in favour of a resolution to appoint KPMG LLP as auditors of the Corporation and authorize the Directors to fix their remuneration.**

It is anticipated that a representative of KPMG LLP will attend the Meeting, will have an opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions.

*Fees*

Aggregate fees for professional services rendered by KPMG LLP for the years ended December 31, 2010 and 2009 were as follows:

Fees	2010	2009
Audit Fees	732,475	595,139
Audit-Related Fees <sup>(1)</sup>	803,318	389,677
Tax Fees	392,500	626,958
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,928,293</b>	<b>\$ 1,611,773</b>

Notes:

- (1) Audit-related fees for the years ended December 31, 2010 were for assurance and related services primarily attributable to issuance of a comfort letter and consents in connection with the Registration Statements on Form 10 and Form S-1.

The Audit Committee pre-approves all auditing services and the terms thereof (which may include providing comfort letters in connection with securities underwritings) and non-audit services (other than non-audit services prohibited under Section 10A(g) of the Exchange Act or the applicable rules of the SEC or the Public Company Accounting Oversight Board) to be provided to the Corporation by KPMG LLP; however, the pre-approval requirement is waived with respect to the provision of non-audit services for the Corporation if the "de minimus" provisions of Section 10A(i)(1)(B) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") are satisfied. There were no services provided under the "de minimus" provision in 2010. The authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision.

*Change in Auditors*

From the time of the Corporation's initial public offering on the Toronto Stock Exchange in 2004, the Canadian firm of KPMG LLP, Chartered Accountants ("**KPMG Canada**") had served as the Corporation's independent public accounting firm. In April 2010, the Corporation filed an initial registration statement on Form 10 with the United States Securities and Exchange Commission ("**SEC**"). The registration statement was declared effective on July 21, 2010 and Common Shares began trading on the New York Stock Exchange ("**NYSE**") on July 23, 2010. Beginning with the first quarter of 2010, the Corporation commenced reporting under United States generally accepted accounting principles ("**GAAP**"), rather than Canadian GAAP as in prior periods.

In connection with these events, on August 4, 2010, the Audit Committee authorized the appointment of the United States firm of KPMG LLP ("**KPMG US**") as the Corporation's independent registered public accounting firm for the fiscal year 2010 year-end audit. KPMG Canada's tenure as the Corporation's independent public accounting firm lapsed at the conclusion of the fiscal year 2010 second quarter review.

The audit report of KPMG Canada on the consolidated financial statements of the Corporation prepared in accordance with United States GAAP as of and for the years ended December 31, 2009 and 2008, as included in the Corporation's registration statement on Form 10 filed with the SEC on July 21, 2010, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles, except that the audit report indicated that, as discussed in note 2 to the consolidated financial statements, (i) on January 1, 2009, the Corporation adopted FASB's ASC 805 Business Combinations, (ii) on January 1, 2008, the Corporation changed its method of accounting for fair value measurements in accordance with FASB ASC 820 Fair Value Measurements, and (iii) on January 1, 2007, the Corporation changed its method of accounting for income tax uncertainties in accordance with guidance provided in FASB ASC 740 Income Taxes.

During the fiscal years ended December 31, 2009 and 2008, and in the interim period from January 1, 2010 through August 4, 2010, there were no disagreements between the Corporation and KPMG Canada on any matter of accounting principles or practices, financial statement disclosure, or audit scope or procedure, which disagreements, if not resolved to the satisfaction of KPMG Canada, would have caused it to make reference thereto in connection with their report. Additionally, during this time frame there were no "reportable events" as defined in Item 304(a)(1)(v) of Regulation S-K.

During the years ended December 31, 2009 and 2008 and for the period beginning January 1, 2010 and ending August 4, 2010, neither the Corporation nor anyone acting on its behalf consulted KPMG US with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Corporation's consolidated financial statements, and no written report or oral advice was provided by KPMG US to the Corporation that KPMG US concluded was an important factor considered by the Corporation in reaching a decision as to the accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to that Item) or a reportable event (as described in Item 304(a)(1)(v) of Regulation S-K).

### **Audit Committee Report**

The members of the Audit Committee of the Board of Directors of the Corporation submit this report in connection with the committee's review of the financial reports for the year ended December 31, 2010 as follows:

1. The Audit Committee has reviewed and discussed with management the audited financial statements for the Corporation for the year ended December 31, 2010.
2. The Audit Committee has discussed with representatives of KPMG LLP the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.
3. The Audit Committee has received the written disclosures and the letter from the independent accountant required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC.

Submitted by the Audit Committee:

Ken Hartwick, Chair  
Irving Gerstein  
John McNeil  
R. Foster Duncan  
Holli Nichols

### **Financial Statements**

The annual report, the financial statements of the Corporation and Proxy Statement for the year ended December 31, 2010 and the auditors' report thereon accompanying this Information Circular will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

### **Advisory Vote on Named Executive Officer Compensation**

As required by Section 14A of the Exchange Act, the Corporation is seeking an advisory (non-binding) vote on the compensation paid to the Corporation's named executive officers, as disclosed in this Information Circular and Proxy Statement pursuant to the Item 402 of Regulation S-K.

The Corporation urges you to read the disclosure under "Compensation Discussion and Analysis," in this Information Circular and Proxy Statement. You should also read the Summary Compensation Table and other related compensation tables and narrative disclosure which provide additional details about the compensation of the named executive officers.



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This vote, commonly known as a Say-on-Pay proposal, gives Shareholders the opportunity to express their views on the compensation of the Corporation's named executive officers. This vote is not intended to address any specific item of compensation, but the overall compensation of the named executive officers and the principles, policies and practices described in this Information Circular and Proxy Statement. As this is an advisory vote, the result will not be binding on the Corporation, the Board of Directors or the Compensation Committee. However, the Board of Directors and the Compensation Committee value the opinions of Shareholders and intend to take into account the results of the vote when considering future compensation decisions for the named executive officers.

Advisory approval of the proposal on named executive officer compensation requires the affirmative vote of a majority of the votes cast at the Meeting. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies in favour of a resolution to approve the compensation of the Corporation's named executive officers.**

### Frequency of Advisory Vote on Named Executive Officer Compensation

As required by Section 14A of the Exchange Act, the Corporation is seeking an advisory (non-binding) vote on whether the advisory vote on named executive officer compensation should be held every one, two, or three years. Shareholders may also choose to abstain from this vote.

After careful consideration, the Board of Directors determined that an advisory vote on named executive compensation that occurs every year is the most appropriate alternative for the Corporation, and therefore the Board of Directors recommends that you vote for the frequency of every year. It should be noted that Shareholders are not voting to approve or disapprove the Board's recommendation.

This vote is advisory, and therefore not binding on the Corporation or the Board of Directors. However, the Board values the opinions of Shareholders and intends to consider the results of this vote when determining how frequently to submit advisory votes on named executive officer compensation to Shareholders in the future.

Advisory approval of the proposal to vote on named executive officer compensation every year requires the affirmative vote of a majority of the votes cast at the Meeting. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies for a frequency of every year.**

## STATEMENT OF EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Introduction*

Until December 31, 2009, the Corporation was managed through a management services agreement with Atlantic Power Management, LLC, which is referred to herein as the "**Manager**," which was owned by two private equity funds managed by ArcLight Capital Partners, LLC. As such, the Corporation did not have any executive officers or other employees and all of the persons listed in this Information Circular and Proxy Statement as "named executive officers" were employed by the Manager. Effective December 31, 2009, the management agreement was terminated and all of the employees of the Manager became employees of the Corporation. In addition, Barry Welch, Patrick Welch and Paul Rapisarda entered into executive employment agreements with the Corporation in connection with the termination of the management agreement.

*Compensation Objectives*

Compensation plays an important role in achieving short and long-term business objectives that ultimately drives business success in alignment with long-term shareholder goals. The objectives of the Corporation's compensation program are to:

attract and retain highly qualified executive officers with a history of proven success;

align the interests of the executive officers with Shareholders' interests and with the execution of the Corporation's business strategy;

establish performance goals that, if met by the Corporation, are expected to improve long-term shareholder value; and

tie compensation to performance with respect to those goals and provide meaningful rewards for achieving them.

The Corporation's compensation program is designed to provide competitive rewards for services and incentive for its senior management team to implement both short-term and long-term strategies aimed at increasing shareholder value and aligning the interests of senior management with those of the Shareholders.

The compensation program of the Corporation has been established in order to compete with remuneration practices of companies similar to the Corporation and those which represent potential competition for the Corporation's executive officers and other employees. In this respect, the Corporation identifies remuneration practices and remuneration levels of companies that are likely to compete for its employees. In designing the compensation program, the Board of Directors focuses on remaining competitive in the market with respect to total compensation for each of the executive officers. However, the Board of Directors does review each element of compensation for market competitiveness and it may weigh a particular element more heavily based on the executive officer's role.

*Elements of compensation*

The compensation of each named executive officer includes a base salary, cash bonus and eligibility for awards under the long-term incentive plan. All compensation decisions are made by the Compensation Committee of the Board of Directors.

*Base salary*

The base salaries for the named executive officers for 2010 were based on a review by the Board of Directors. This review is based on the level of responsibility, the experience level attained by the relevant named executive officer and his or her personal contribution to the Corporation's operating and financial performance with a goal to ensure that the base salaries are appropriate and competitive. On the basis of this review, the Board of Directors made a minor adjustment to the base salary of John Hulburt.

*Annual cash bonus (non-equity incentive plan compensation)*

Annual cash bonus awards for William Daniels and John Hulburt are discretionary, and generally based on whether or not duties have been performed well based on the relevant named executive officer's success in contributing to the operating and financial performance of the Corporation, including achieving annual goals and objectives approved by the Board. The annual goals and objectives are established at the

company level and are broadly based on (i) company growth strategy through acquisitions and organic growth; (ii) operating performance of existing assets; (iii) investor relations; and (iv) risk management and administrative functions.

In the case of Barry Welch, Patrick Welch and Paul Rapisarda, for each of the three years 2009 through 2011 per the terms of their respective employment contracts there are three components: (i) pursuant to arrangements entered into at the time of the internalization of the Manager in December 2009, a portion of the annual cash bonus, identified as "Bonus" in the Summary Compensation Table on page C-20, is fixed based on the average amount in 2007 and 2008 of the portion of their bonuses that were paid by the Manager and not reimbursed by the Corporation in such years; (ii) a second component is based on the Corporation's total shareholder return compared to a group of peer companies of the Corporation. For this portion, which is included in the column identified as "Non-equity incentive plan compensation" in the Summary Compensation Table on page C-20, a scale establishes a minimum of zero and a maximum of 110% of a target amount equal to \$300,000, \$130,000 and \$130,000 for Barry Welch, Patrick Welch and Paul Rapisarda, respectively. Relative performance at greater than the 10th percentile of the peer group is required to earn the minimum award and at greater than the 85th percentile of the peer group in order to earn the maximum award; and (iii) a discretionary component from zero to a maximum of 20% of the target in (ii) above, which is also included in the column identified as "Non-equity incentive plan compensation" in the Summary Compensation Table on page C-20, is based on the Board's assessment of the senior officers' performance in contributing to achievement of the Corporation's approved goals and objectives. Specifically in 2010, the Directors based these assessments on (i) for Barry Welch, his contributions to the achievement of goals related to the Corporation's growth strategy, operating performance, risk management and investor relations, (ii) for Patrick Welch, his contributions to the achievement of goals related to the Corporation's registration with the SEC as a public reporting entity and its listing on the NYSE as well as the Corporation's capital raising, risk management and investor relations, and (iii) for Paul Rapisarda, his contributions to the achievement of goals related to the Corporation's growth strategy and operating performance of existing assets. For 2010, Barry Welch, Patrick Welch and Paul Rapisarda received for the portion of their bonus compensation based on relative total shareholder return equal to 80% of their target amounts, and each also received the maximum 20% of such target based on the Board's assessment of the senior officers' performance.

Total shareholder return refers to the rate of return that a shareholder would earn on an investment in common shares (or, prior to the conversion of IPSs to common shares, IPSs) assuming the investment was held for the entire year and that monthly dividends were reinvested. For 2010, the Compensation Committee included the following companies in the peer group (the "**2010 Peer Group**") for the purpose of determining the Corporation's relative total shareholder return performance:

Borex, Inc.;

Brookfield Renewable Power Fund;

Capital Power Income LP;

Northland Power Income Fund;

Macquarie Power and Infrastructure Income Fund;

Innergex Power Income Fund;

Borex Income Fund<sup>(1)</sup>;

Algonquin Power & Utilities Corp.; and

Maxim Power Corp.

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Notes:

- (1) Boralex Income Fund was previously included, but was acquired by a third party during 2010 and removed from the group in accordance with the LTIP.

C-15

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In 2010, the Corporation's total shareholder performance return of 38.5% was at the 63<sup>rd</sup> percentile of the Corporation's peer group, as calculated by Hugessen Consulting Group ("**Hugessen**").

For 2011, the Compensation Committee has approved an expanded peer group to include the original peer group (as described above) as well as 50 U.S.-listed master limited partnerships in the Alerian Index and 22 utilities in the S&P 400 Utility Index (the "**2011 Peer Group**"). The Compensation Committee determined to expand the Corporation's 2010 Peer Group as the peer group originally established for the LTIP had lost several members due to mergers and acquisitions and had become too small to provide a reasonable comparative group. In addition, the Compensation Committee believes that the 2011 Peer Group better represents entities with which the Corporation competes for capital, particularly in the United States. The Compensation Committee expanded the 2010 peer group taking into account factors such as industry, market capitalization, risk profiles, dividend levels and business models.

For non-officer executives, the non-equity incentive plan compensation is determined based on the process of (i) the CEO discussing their performance with their respective managers together as the officers group, and (ii) the review and discussion by the CEO with the Compensation Committee and their approval. The percentages of salaries for awards range from 0% to maximum levels that vary for each individual based on an overall assessment of their contributions to achieving the Corporation's approved goals and objectives.

### Long Term Incentive Plan ("**LTIP**")

In 2006, the Board of Directors retained Mercer Human Resource Consulting ("**Mercer**") to assist in its review of the compensation of the employees of the Manager. The two primary roles of Mercer were (i) to provide a compensation benchmarking review, and (ii) to provide a review of LTIP alternatives and assist the Board of Directors in the design of the LTIP that was ultimately approved by the Board of Directors and by the Shareholders. The compensation benchmarking review provided the Board of Directors with an objective review of each component of compensation relative to the same components within a competitive peer group and identified the appropriateness and desirability of implementing the LTIP to further align the interests of employees of the Manager with those of the Corporation and holders of IPSs, and to adequately assist with attracting and retaining qualified employees in the relevant U.S. labor pool. The competitive peer group for this benchmarking included 18 Canadian energy trusts, 12 U.S. oil and gas master limited partnerships and 22 U.S. real estate investment trusts as compiled from their respective publicly-filed proxy information. Mercer also generally considered the overall compensation results shown in the 2005 Financial Services Survey Suite Private Equity Firms Compensation Survey. Mercer's review concluded that the overall compensation plan, including the LTIP and each other component, was reasonable and appropriate.

The named executive officers and other employees of the Corporation are eligible to participate in the LTIP as determined by the Board of Directors. The purpose of the LTIP is to align the interests of named executive officers with those of the Shareholders and to assist in attracting, retaining and motivating key employees of the Manager by making a significant portion of their incentive compensation directly dependent upon the achievement of critical strategic, financial and operational objectives that are critical to ongoing growth and increasing the long-term value of the Corporation, as well as providing an opportunity to increase their share ownership over time. The LTIP is designed to help achieve short-term compensation objectives by setting yearly performance targets that trigger various levels of grants and also to achieve longer term objectives and assist in retention through the use of both a three-year vesting period and possible forfeiture of awards if certain levels of performance are not achieved during each grant's vesting period.

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For each performance period (being, generally, a period of one calendar year commencing on January 1 of each year during 2006 through 2009), for senior officers, the Board of Directors established LTIP award percentages that determined the amount (based on a percentage of base salary) that each officer was entitled to receive under the LTIP if certain levels of target project cash flow for the performance period were achieved. For other employees, a target range based on percentages of salaries was established by the senior officers and approved by the Board of Directors, but the range was not directly tied to specific cash flow performance levels. Individual LTIP awards were proposed by the officers based on their evaluation of both the cash flow level achieved by the Corporation and the individual's contribution to that performance, and approved by the Board of Directors. Project cash flow was based on cash flows generated by the Corporation's projects less management fees, administrative expenses, corporate interest, taxes and any other adjustments determined by the Board of Directors, which discretion was exercised narrowly and may reflect either increases or decreases to project cash flow performance. LTIP awards for each performance period were determined by the Board of Directors based on the Corporation's actual cash flow. In making this determination, the Board of Directors had discretion to consider other factors, related to the Corporation's performance. If certain levels of target project cash flow were achieved as determined by the Board of Directors, the senior officer was eligible to receive a number of notional units (including fractional units) to be calculated by dividing an incentive amount (based on the LTIP award percentage multiplied by the named executive officer's base salary) by the market price per IPS. The market price per IPS or common share is defined in the LTIP as the weighted average closing price of IPSs or common shares on the TSX for the five days immediately preceding the applicable day. Notional units were structured to track the investment performance of IPSs, or common shares under the amended LTIP, including share prices and dividends. Any notional units granted to a participant in respect of a performance period were credited to a notional unit account for each participant on the determination date for such performance period. Each notional unit was entitled to receive distributions equal to the distributions on an IPS, to be credited in the form of additional notional units immediately following any distribution on the IPSs valued at the market price of an IPS at the date of distribution. Subsequent to the Corporation's conversion to a common share structure, all references to "IPS" in the LTIP were changed to "Common Shares" and all references to distributions on IPSs were changed to dividends on common shares.

For grants under the LTIP with respect to performance periods through 2009, subject in each case to review by the Audit Committee of the Company's annual audited financial statements, one-third of the notional units in a participant's notional unit account for a performance period vest on the 13-month anniversary following the determination date for such performance period, 50% of the notional units remaining in a participant's notional unit account for a performance period vest on the second anniversary date of the determination date for such performance period, and all remaining notional units in a participant's notional unit account for a performance period vest on the third anniversary of the determination date for such performance period.

On the applicable vesting date for notional units held in a participant's notional unit account, the Corporation redeems such vested notional units as follows: (i) one-third by lump sum cash payment (generally intended to be withheld toward payment of taxes that will be owed due to the vesting), and (ii) the remaining two-thirds by an exchange for common shares. Notwithstanding the foregoing, a named executive officer may elect to redeem such notional units for 100% common shares upon prior written notice of such election. All issuances of common shares on redemption of notional units under the LTIP are subject to compliance with applicable securities laws. In addition, the Board of Directors has the discretion to redeem notional units 100% with cash and has exercised this discretion for all notional units vested since the inception of the LTIP through 2010, except for those that have vested in the notional unit accounts of the Corporation's senior officers. This was due to constraints with regard to U.S. securities laws, which are no longer relevant since the company has registered with the SEC and listed on the NYSE,

so all vesting events in 2011 and beyond should follow the redemption approach in (i) and (ii) above for all employees.

If the net cash flows (as determined by the Board of Directors) achieved in a performance period were less than 80% of the target project cash flow previously approved by the Board of Directors for that performance period, all notional units having a vesting date in the next performance period would be cancelled, would no longer be redeemable for common shares and the named executive officers will forfeit all rights, title and interest with respect to such notional units, unless otherwise expressly determined by the Board of Directors, as administrators of the LTIP.

#### 2010 LTIP Amendments

In 2009, Hugessen was retained to assist the Board in assessing the Corporation's existing LTIP and proposing several design changes. The purpose of the LTIP changes was to further align the interests of the Corporation's officers and employees with Shareholders and to assist in attracting, retaining and motivating the Corporation's key employees.

In early 2010, the Board of Directors approved amendments to the LTIP. The amendments did not impact grants for the 2009 performance year or unvested notional units related to grants made prior to the 2010 amendments. The amended LTIP became effective for grants beginning with the 2010 performance year and was approved by the Shareholders at the annual general meeting held on June 29, 2010.

Under the amended LTIP, the notional units granted to plan participants have the same characteristics as the notional units under the old LTIP. However, the number of notional units granted is based, for senior executives entirely, on the Corporation's total shareholder return compared to the group of peer companies included in the 2011 Peer Group and, for employees that are not senior executives, performance measurement is weighted 1/3<sup>rd</sup> based on the Corporation's total shareholder return compared to a the 2011 Peer Group, and 2/3<sup>rd</sup> based on the achievement of a simplified net project cash flow measure. In addition, vesting of notional units for senior executives occurs on a three-year cliff basis as opposed to ratable vesting over three years under the old LTIP. Pursuant to each senior executive's employment agreement, each senior executive receives a grant at the beginning of each three-year performance period in amount equal to his base salary. The grant vests at the end of the three-year performance period in an amount ranging from 0% up to a maximum of 150% of the sum of units initially granted plus dividend equivalent rights received during the performance period. In addition, on May 14, 2010, each senior executive received a grant equal to one-third of his base salary (the "2010 Transition Award") and a grant equal to two-thirds of his base salary (the "2011 Transition Award"). The 2010 Transition Awards vested on March 31, 2011 in an amount equal to 125% of the initial grant, plus dividend equivalent rights, based on the Corporation's total shareholder return in 2010 compared to the 2011 Peer Group. The 2011 Transition Awards will vest on February 28, 2012 in an amount ranging from 0% up to a maximum of 150% of the sum of the units granted, plus dividend equivalent rights received during the vesting period, based on the total shareholder return of the corporation during 2010 and 2011 compared to the 2011 Peer Group. Named executive officers other than senior executives are eligible for an annual award under the LTIP ranging from 0% to 80% of their annual base salary.

#### 401(k) matching contributions

The Corporation also makes annual matching contributions to each named executive officer's 401(k) plan account based upon a predetermined formula. The purpose of the matching contributions is to supplement the named executive officer's personal savings toward future retirement as the Corporation has no pension plan. The matching for the named executive officers is a dollar-for-dollar match with the employee's 401(k) contribution, up to the maximum allowed by Internal Revenue Service ("IRS") regulations. The IRS

maximum contribution in 2010 was \$16,500 for participants under age 50 and \$22,000 for participants 50 and over.

**Compensation Committee Report**

The Compensation Committee of the Board of Directors of the Corporation has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Information Circular and Proxy Statement.

Submitted by the Compensation Committee:

Ken Hartwick, Chair  
Irving Gerstein  
John McNeil  
R. Foster Duncan  
Holli Nichols

C-19

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**Summary Compensation Table**

The following table sets forth a summary of salary and other annual compensation paid for 2010, 2009 and 2008 to each named executive officer (in US\$).

Name and principal position	Year	Salary	Bonus <sup>(1)</sup>	Stock awards <sup>(2)</sup>	Non-equity	All other	Total
					incentive plan compensation		
Barry E. Welch	2010	535,000	400,000	1,587,088	300,000	22,000	2,844,088
Director, President and	2009	535,000	400,000	472,500	390,000	22,000	1,819,500
Chief Executive Officer	2008	525,000		625,000	625,000	20,500	1,795,500
Patrick J. Welch	2010	259,500	130,000	769,798	130,000	16,500	1,305,798
Chief Financial Officer	2009	259,000	130,000	226,800	169,000	16,500	801,800
and	2008	252,000		300,000	225,000	15,500	792,500
Corporate Secretary	2008	252,000		300,000	225,000	15,500	792,500
Paul H. Rapisarda <sup>(4)</sup>	2010	257,500	130,000	763,873	130,000	22,000	1,303,373
Managing Director,	2009	257,500	130,000	225,000	169,000	22,000	800,500
Asset	2008	213,200		100,000	210,000	12,813	536,013
Management and	2008	213,200		100,000	210,000	12,813	536,013
Acquisitions	2008	213,200		100,000	210,000	12,813	536,013
William B. Daniels	2010	185,000		129,524	175,750	22,000	512,274
Senior Director Asset	2009	185,000		110,500	166,500	22,000	484,000
Management	2008	170,000		115,500	136,000	14,650	436,150
John J. Hulburt <sup>(5)</sup>	2010	183,000		108,015	80,000	16,500	387,515
Corporate Controller	2009	180,000		87,500	80,000	12,601	360,101
	2008	90,192			40,000	6,125	136,317

## Notes:

- (1) Represents the fixed portion of annual cash bonus for 2009 through 2011 payable per the terms of each executive officer's employment contract executed in connection with the management internalization in December 2009, for further information see page C-15.
- (2) The amounts shown under "Stock awards" reflect the grant date fair value of notional units granted during the year under the terms of the LTIP and are calculated in accordance with FASB ASC Topic 718. The assumptions used in determining the grant date fair value of these awards are described in Note 14 to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2010. A portion of the awards granted to senior officers in 2010 contain a performance condition. Assuming the highest level of performance is achieved, the total fair value of awards for 2010 would be \$2,113,089 for Barry Welch; \$1,624,926 for Patrick Welch and \$1,017,039 for Paul Rapisarda.
- (3) Amounts represent company matching contributions to the 401(k) plan accounts of each executive officer.
- (4) Mr. Rapisarda's employment commenced in February 2008.
- (5) Mr. Hulburt's employment commenced in June 2008.

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Following are plan-based awards during the year ended December 31, 2010 for each named executive officer.

Name	Grant date	Estimated future payouts under non-equity incentive plan awards <sup>(1)</sup>			Estimated future payouts under equity incentive plan awards <sup>(2)</sup>			Grant date fair value of LTIP awards <sup>(3)</sup>
		Minimum (\$)	Target (\$)	Maximum (\$)	Minimum (#)	Target (#)	Maximum (#)	
Barry E. Welch	N/A		300,000	390,000				
	3/29/10				42,266	42,266	42,266	535,088
	5/14/10					89,532	134,298	1,052,001
Patrick J. Welch	N/A		130,000	169,000				
	3/29/10				20,501	20,501	20,501	259,543
	5/14/10					43,426	65,139	510,255
Paul H. Rapisarda	N/A		130,000	169,000	20,343			
	3/29/10					20,343	20,343	257,542
	5/14/10					43,092	64,638	506,331
William B. Daniels	NA		142,500	190,000				
	3/29/10				10,231	10,231	10,231	129,524
John J. Hulburt	NA		75,200	94,000				
	3/29/10				8,532	8,532	8,532	108,015

Notes:

- (1) Amounts shown represent the range of possible annual cash bonus. In addition Barry Welch, Patrick Welch and Paul Rapisarda receive an annual fixed bonus under the terms of their executive employment agreements. The amount of the annual fixed bonus is \$400,000 for Barry Welch and \$130,000 for Patrick Welch and for Paul Rapisarda.
- (2) The amounts shown for the March 29, 2010 grant date represent the fixed number of notional units granted for the 2009 performance year that was approved by the Board of Directors. The amounts shown for the May 14, 2010 grant date represent grants under the amended LTIP, which are subject to a performance-based vesting condition. None of the amounts include dividend equivalent rights that accrue on notional units.
- (3) Amounts are calculated in accordance with FASB ASC Topic 718.

### *Compensation of Barry Welch*

Prior to December 31, 2009, Barry Welch was the President and Chief Executive Officer of the Manager. Beginning in 2010, Mr. Welch became the President and Chief Executive Officer of the Corporation. For the year ended December 31, 2010, Mr. Welch received a base salary of \$535,000 and an annual bonus of \$700,000.

Mr. Welch's base salary was historically established by the Manager, but reviewed by the Corporation's independent directors as part of the annual approval of the Manager's budget, based on his responsibilities, his execution of the Corporation's strategic business plan, whether it is appropriate and competitive relative to compensation of similar positions with competitive peer firms and changes to local cost of living. His salary increased by \$10,000 as of January 2009 and was unchanged for 2010. For 2011, the Compensation Committee voted to increase Mr. Welch's salary by \$40,000 based on a review of peer company data as well as his accomplishments in achieving the Corporation's goals and objectives and his critical role in executing the Corporation's strategy.

For the 2010 performance year, Mr. Welch's bonus was determined with one portion equal to the average level that the Manager's portion of his bonus had been paid for the prior two years, that being \$400,000.