UNDERWRITING AGREEMENT

November 10, 2004

Atlantic Power Corporation
Atlantic Power Holdings, LLC
Teton Power Holdings, LLC
Epsilon Power Holdings, LLC
Umatilla Power Holdings, LLC

Dear Sirs/Mesdames:

BMO Nesbitt Burns Inc. ("BMONB"), CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, First Associates Investments Inc., HSBC Securities (Canada) Inc., Lehman Brothers Inc. and Raymond James Ltd. (collectively with BMONB, the "Underwriters" and each, an "Underwriter") understand that Atlantic Power Corporation, a corporation incorporated under the *Business Corporations Act* (Ontario) (the "Corporation"), proposes, subject to the terms and conditions contained herein, to: (i) sell to the Underwriters, an aggregate of 32,000,000 Income Participating Securities (the "Initial IPSs"), representing an aggregate of 32,000,000 common shares in the capital of the Corporation ("Common Shares") and Cdn$184,544,000 aggregate principal amount of the Corporation's 11% subordinated notes due 2016 ("Subordinated Notes"); and (ii) grant to the Underwriters an over-allotment option (the "Over-Allotment Option") to purchase up to an additional 4,800,000 Income Participating Securities (the "Over-Allotment IPSs"), representing an aggregate of 4,800,000 Common Shares and Cdn$27,681,600 aggregate principal amount of Subordinated Notes. The Initial IPSs and the Over-Allotment IPSs are collectively referred to herein as the "Offered Securities" or the "IPSs". Each IPS represents one Common Share and Subordinated Notes with an aggregate principal amount of Cdn$5.767. References herein to the "Component Securities" shall mean the Common Shares and the Subordinated Notes represented by the IPSs, and references to the "Securities" shall mean the Offered Securities and the Component Securities.

The Underwriters further understand that the Subordinated Notes will be issued pursuant to an indenture to be dated as of the Closing Date (as hereinafter defined) between the Corporation and Computershare Trust Company of Canada, as trustee. The Subordinated Notes will be guaranteed (certain of such guarantees on a secured basis) by Atlantic Power Holdings, LLC ("Atlantic Holdings"), Onondaga Cogeneration L.P., and each of Atlantic Holdings' other direct and indirect Subsidiaries at the Closing Time (as hereinafter defined) that are listed on Schedule I hereto (collectively, with Atlantic Holdings and Onondaga Cogeneration L.P., the "Guarantors").

Based upon the foregoing, and upon and subject to the terms and conditions set out below, the Underwriters severally, and not jointly and severally, offer to purchase from the Corporation at the Closing Time, and the Corporation hereby agrees to sell to the Underwriters, all but not less than all of the Initial IPSs at a price of Cdn.$10.00 per Initial IPS, being an aggregate purchase price of Cdn$320 million.

In consideration of the Underwriters' agreement to purchase the Initial IPSs and to offer such Initial IPSs to the public pursuant to the Final Prospectus (as hereinafter defined), the Corporation hereby grants to the Underwriters the Over-Allotment Option, exercisable in whole or in part by notice given at any one time on or prior to the 30th day following the Closing Date, to purchase from the Corporation the Over-Allotment IPSs at the Over-Allotment Closing Time (as hereinafter defined) at a purchase price of Cdn$10.00 per Over-Allotment IPS. A notice exercising the Over-Allotment Option, in whole or in part, shall be delivered to the Corporation as provided herein and shall specify the number of Over-Allotment IPSs in respect of which the Over-Allotment Option is being exercised. Upon delivery of such notice, the Underwriters shall be obliged, severally and not jointly, to purchase the number of Over-Allotment IPSs specified in such notice in the respective percentages set forth in Article 20 of this Agreement, and the Corporation shall be obliged to sell such Over-Allotment IPSs, all in accordance with and subject to the terms and conditions hereof.

TERMS AND CONDITIONS

1. **Definitions and Interpretation**

1.1 Where used in this Agreement the following terms will have the following meanings, respectively:

(a) "affiliate" or "associate" when used to indicate a relationship with a Person, has the same meaning as set forth in the *Securities Act* (Ontario);

(b) "Acquisition Agreements" means, collectively, (i) the agreement among the Corporation, Atlantic Holdings and Teton Power Holdings, LLC respecting, among other things, the acquisition by Atlantic Holdings of Teton Power Funding, LLC; (ii) the agreement among the Corporation, Atlantic Holdings and Epsilon Power Holdings, LLC respecting, among other things, the acquisition by Atlantic Holdings of Epsilon Power Funding, LLC; and (iii) the agreement among the Corporation, Atlantic Holdings and Umatilla Power Holdings, LLC respecting, among other things, the acquisition by Atlantic Holdings of Umatilla Power Funding, LLC;

(c) "Atlantic Holdings" means Atlantic Power Holdings, LLC, a limited liability company formed under the laws of Delaware;

(d) "Auditors" means KPMG LLP;

(e) "BMONB" means BMO Nesbitt Burns Inc.;

(f) "business day" means a day other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Toronto, Ontario;

(g) "Closing Date" means November 18, 2004 or any earlier or later date as may be agreed to in writing by the Corporation and the Underwriters, each acting reasonably, but will in any event not be later than December 9, 2004;

(h) "Closing Time" means 8:00 a.m. (Toronto time) on the Closing Date, or any other time on the Closing Date as may be agreed to by the Corporation and the Underwriters;

(i) "Common Shares" means common shares in the capital of the Corporation;

(j) "Component Securities" means the Common Shares and the Subordinated Notes represented by the IPSs;

(k) "Corporation" means Atlantic Power Corporation, a corporation incorporated under the *Business Corporations Act* (Ontario);

(l) "Credit Facility" means the credit facility to be provided by an affiliate of BMO Nesbitt Burns Inc. to Atlantic Holdings at or prior to the Closing Time in an aggregate amount of $50 million;

(m) “Directors” means, in the case of the Corporation, the directors of the Corporation, and in the case of a limited liability corporation, the members of the board of managers of such corporation;

(n) “distribution” means distribution or distribution to the public, as the case may be, for the purposes of the Securities Laws or any of them;

(o) “Equity Holders” means, (i) in respect of a corporation, its shareholders, (ii) in respect of a limited liability corporation, its members, and (iii) in respect of any other Person, all Persons holding a direct or indirect beneficial interest in such Person;

(p) “Existing Investor Interests” means the common membership interests and Class B membership interests in Atlantic Holdings to be acquired by the Existing Investors at the Closing Time pursuant to the Acquisition Agreements;

(q) “Existing Investors” means Teton Power Holdings, LLC, Epsilon Power Holdings, LLC and Umatilla Power Holdings, LLC and “Existing Investor” means each individually;

(r) “Final MRRS Decision Document” means a receipt for the Final Prospectus issued in accordance with the MRRS;

(s) “Final Prospectus” means the final prospectus of the Corporation (in both the English and French languages unless the context indicates otherwise) to be approved, signed and certified in accordance with the Securities Laws in the Qualifying Jurisdictions relating to the qualification for distribution of the Offered Securities under applicable Securities Laws in the Qualifying Jurisdictions;

(t) “Financial Statements” means the financial statements of the Corporation (including without limitation the pro forma financial statements of the Corporation), Teton Power Funding, LLC and UtilCo SaleCo LLC included in the Final Prospectus, together with the reports of the Auditors on those financial statements and including the notes thereto;

(u) “FPA” means the *United States Federal Power Act*, as amended;

(v) “Governmental Entity” means any: (i) multinational, federal, provincial, state, municipal, local or other governmental or public department, regulatory or administrative authority, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the foregoing; (iii) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above; or (iv) any arbitrator exercising jurisdiction over the affairs of the applicable Person, asset, obligation or other matter;

(w) “Guarantors” means Atlantic Holdings, Onondaga Cogeneration L.P. and each of Atlantic Holdings’ other direct and indirect Subsidiaries at the Closing Time that are listed on Schedule I hereto;

(x) “Holders” means the holders of IPSs, Common Shares or Subordinated Notes;

(y) “Indemnity Agreement” means the agreement dated the date hereof between the Corporation, Atlantic Holdings and each of the Existing Investors setting out various rights and obligations of such parties relating to indemnification in respect of the Acquisition Agreements;

(z) “Indenture Trustee” means Computershare Trust Company of Canada;

(aa) “Initial IPSs” means the Income Participating Securities of the Corporation offered pursuant to the Offering to be sold, subject to the terms and conditions hereof, on the Closing Date;

(bb) “IPSs” means, collectively the Initial IPSs and the Over-Allotment IPSs;

(cc) “Lien” means any mortgage, pledge, lien, security interest, easement, encumbrance or other adverse claim;

(dd) “Manager” means Atlantic Power Management, LLC;

(ee) “Management Agreement” means the management agreement to be entered into at or prior to the Closing Time between the Manager, the Corporation and Atlantic Holdings, as it may be amended, supplemented or restated from time to time;

(ff) “Material Agreements” means collectively, the Subordinated Note Indenture (including the guarantees and pledges contemplated thereby), the Subordinated Note Guarantees, the Operating Agreement, the Management Agreement, the Acquisition Agreements, the Indemnity Agreement, the Credit Facility, this Agreement, the Pledge Agreement, and the form of certificate for the IPSs;

(gg) “material change” means a material change for the purpose of Securities Laws;

(hh) “material fact” means a material fact for the purpose of Securities Laws;

(ii) “misrepresentation” means a misrepresentation for the purpose of Securities Laws;

(jj) “MRRS” means the mutual reliance review system procedures provided for under National Policy 43-201, Mutual Reliance Review System for Prospectuses and Annual Information Forms;

(kk) “Offered Securities” means, collectively the Initial IPSs and the Over-Allotment IPSs;

(ll) “Offering” means the distribution of the Offered Securities as contemplated in the Final Prospectus;

(mm) “Offering Documents” means, collectively, the Preliminary Prospectus, the Final Prospectus, the U.S. Placement Memorandum and any Supplemental Material;

(nn) “OSC” means the Ontario Securities Commission;

(oo) “Operating Agreement” means the operating agreement in respect of Atlantic Holdings to be entered into among the Corporation, Atlantic Holdings and the Existing Investors at or prior to the Closing Time;

(pp) “Over-Allotment Closing Date” means the second business day after a notice of exercise of the Over-Allotment Option is delivered to the Corporation, but in any event not later than the date which is 30 days after the Closing Date;

(qq) “Over-Allotment Closing Time” means 8:00 a.m. (Toronto time) on an Over-Allotment Closing Date, or such other time on an Over-Allotment Closing Date as may be agreed by the Corporation and the Underwriters;

(rr) "Over-Allotment IPSs" means the Income Participating Securities of the Corporation offered pursuant to the Offering to be sold, subject to the terms and conditions hereof, including exercise of the Over-Allotment Option as provided herein, on an Over-Allotment Closing Date;

(ss) "Over-Allotment Option" means the option granted by the Corporation to the Underwriters hereunder to purchase up to 4,800,000 additional Income Participating Securities within 30 days of the Closing Date;

(tt) "Person" means any individual, partnership, limited partnership, limited liability partnership, limited liability corporation, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

(uu) "Pledge Agreement" means the pledge agreement to be dated as of the Closing Date pursuant to which the Corporation will pledge its membership interest in Atlantic Holdings to the Indenture Trustee;

(vv) "Preliminary Prospectus" means the preliminary prospectus of the Corporation (in both the English and French languages unless the context indicates otherwise) dated October 6, 2004 as amended by an amended and restated preliminary prospectus (in both the English and French languages unless the context indicates otherwise) dated October 21, 2004 relating to the qualification for distribution of the Offered Securities under applicable Securities Laws in the Qualifying Jurisdictions;

(ww) "Projects" means the 15 power generation projects described under "The Projects—Summary Table of the Projects" and "Project Descriptions" in the Final Prospectus;

(xx) "Project Holding Entities" means Teton Power Funding, LLC, Epsilon Power Funding, LLC and Umatilla Power Funding, LLC;

(yy) "Project Holding Group Entities" means, collectively, the Project Holding Entities and their respective Subsidiaries, provided that no Project Operating Entity shall be considered to be a Project Holding Group Entity;

(zz) "Project Operating Entities" means (i) the partnerships, corporations or other entities that directly own or operate the Projects, and (ii) the "Project Holding Entities" as such term is defined in the Acquisition Agreement between the Corporation, Atlantic Holdings and Epsilon Power Holdings, LLC;

(aaa) "PUHCA" means the United States *Public Utility Holding Company Act of 1935*, as amended;

(bbb) "Qualifying Jurisdictions" means all of the provinces and territories of Canada and "Qualifying Jurisdiction" means any one province or territory of Canada;

(ccc) "ROFO Agreement" means the agreement to be entered into at or prior to the Closing Time between Atlantic Holdings and ArcLight Energy Partners Fund I, L.P. providing for certain rights of first offer for Atlantic Holdings, as contemplated in the Final Prospectus;

(ddd) "Securities" means the Offered Securities and the Component Securities;

(eee) "Securities Commissions" means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions;

(fff) "Securities Laws" means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions and the respective regulations and rules made under those securities laws together with all applicable policy statements, blanket orders and rulings of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this Agreement and the securities legislation and policies of each other relevant jurisdiction (including the United States);

(ggg) "SEDAR" means the computer system for the transmission, receipt, acceptance, review and dissemination of documents filed in electronic format known as the System for Electronic Document Analysis and Retrieval established pursuant to National Instrument 13-101, System for Electronic Document Analysis and Retrieval (SEDAR);

(hhh) "Selling Firm" has the meaning ascribed thereto in Section 10.1;

(iii) "Separate Subordinated Notes" means the Cdn$36,501,000 principal amount of Subordinated Notes to be issued and sold, by private placement, separately from the Offered Securities at the Closing Time, the sale of which Separate Subordinated Notes is not qualified under the Final Prospectus;

(jjj) "Standard Listing Conditions" has the meaning ascribed thereto in Section 4.5;

(kkk) "Subordinated Notes" means the 11% subordinated notes to be issued by the Corporation as described in the Final Prospectus;

(lll) "Subordinated Note Guarantees" means the guarantees to be granted at or prior to the Closing Time by each Guarantor in favour of the Indenture Trustee for the benefit of the Holders of the Subordinated Notes;

(mmm) "Subordinated Note Indenture" means the indenture providing for the issuance of Subordinated Notes to be entered into at or prior to the Closing Time between the Corporation and the Indenture Trustee;

(nnn) "Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons owns a majority ownership in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation);

(ooo) "Supplemental Material" means, collectively, any amendment to the Final Prospectus or the U.S. Placement Memorandum, any amendment or supplemental prospectus or ancillary materials (in the English language and, where applicable, French language) that may be filed by or on behalf of the Corporation under applicable Securities Laws relating to the distribution of the Offered Securities;

(ppp) "Tax Act" means the *Income Tax Act* (Canada);

(qqq) "Trust Company" means Computershare Investor Services Inc.;

(rrr) "TSX" means the Toronto Stock Exchange;

(sss) "Underwriters" means, collectively, BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation, First Associates Investments Inc., HSBC Securities (Canada) Inc., Lehman Brothers Inc. and Raymond James Ltd.;

(ttt) "U.S. Placement Memorandum" has the meaning set forth in Annex A hereto; and

(uuu) "U.S. Tax Code" means the *Internal Revenue Code of 1986* (United States of America) and the regulations thereunder.

1.2 The division of this Agreement into Articles, Sections, Clauses and Paragraphs and the headings appearing in this Agreement are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.3 In this Agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) words importing gender include all genders;

(c) words importing persons include individuals, partnerships, limited partnerships, joint ventures, syndicates, sole proprietorships, companies or corporations with or without share capital, unincorporated associations, societies, trusts, trustees, executors, administrators or other legal personal representatives, governmental authorities, regulatory authorities, and self-regulating organizations, bodies or entities however designated or constituted;

(d) the word "or" is not exclusive;

(e) the word "including" is not limiting, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto; and

(f) the word "knowledge" when used in relation to any Person, refers to the actual knowledge of the officers of that Person (or, in the case of the Corporation and Atlantic Holdings, of the Manager) charged with responsibility for the particular function, after reasonable inquiry by them of those parties whom they believe, in good faith, to be the Persons responsible for the subject matter of the inquiry.

1.4 If any action is required to be taken under this Agreement on a day that is not a business day, such action will be required to be taken on the next succeeding day which is a business day.

1.5 Whenever reference is made in this Agreement to a calculation to be made or financial statements or documents to be prepared in accordance with "generally accepted accounting principles", such reference will be deemed to be to the generally accepted accounting principles from time to time approved by the relevant body in the applicable jurisdiction, applicable as at the date on which such calculation is made or required to be made or such financial statements or documents are prepared or required to be prepared in accordance with generally accepted accounting principles, with such variations therefrom as are specified or required by the Securities Laws.

1.6 Unless otherwise specified herein, all dollar amounts referred to in this Agreement are expressed in lawful money of the United States.

1.7 Unless otherwise specified herein, a reference in this Agreement to a statute includes all regulations or rules made thereunder, all amendments to the statute or the regulations or rules made thereunder, any statutes, regulations or rules that supplement or supersede such statute, regulation or rule and, with respect to the Securities Laws, includes any orders made thereunder and the applicable policy statements, instruments and notices issued or otherwise promulgated by the Securities Commissions or the Canadian Securities Administrators.

2. **Attributes of the Offered Securities**

2.1 The Initial IPSs to be issued and sold under this Agreement by the Corporation will, upon receipt of payment therefor by the Corporation, be duly and validly created and issued, as applicable, by the Corporation and will have the attributes described in the Final Prospectus, subject to those modifications or changes (if any) prior to the Closing Date as may be agreed to in writing by the Corporation and the Underwriters.

2.2 The Over-Allotment IPSs to be issued and sold under this Agreement by the Corporation will, upon proper exercise of the Over-Allotment Option and receipt of payment therefor by the Corporation be duly and validly created and issued by the Corporation and will have the attributes described in the Final Prospectus, subject to those modifications or changes (if any) prior to the Over-Allotment Closing Date as may be agreed to in writing by the Corporation and the Underwriters.

3. **Qualification**

3.1 The Corporation and the Existing Investors will, as soon as possible following the execution of this Agreement, prepare and file the Final Prospectus with the Securities Commissions in each of the Qualifying Jurisdictions, and will obtain the Final MRRS Decision Document as soon as possible after the filing and, in any event, not later than 12:00 noon (Toronto time) on November 11, 2004 (or such other time and/or later date as the Corporation, the Existing Investors and the Underwriters may agree) and will take other steps and proceedings that may be necessary in order to qualify the Offered Securities for distribution in each of the Qualifying Jurisdictions by the Underwriters and other Persons who are registered in a category permitting them to distribute the Offered Securities under the Securities Laws and who comply with the Securities Laws.

3.2 Until the date on which the distribution of the Offered Securities is completed the Corporation:

(a) will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under the Securities Laws to continue to qualify the distribution of the Offered Securities or, in the event that the Offered Securities have, for any reason, ceased so to qualify, to so qualify again the Offered Securities for distribution; and

(b) will allow the Underwriters to participate fully in the preparation of the Offering Documents.

4. **Delivery of Final Prospectus and Other Documents**

4.1 The Corporation shall deliver to each of the Underwriters and the Underwriters' counsel, at or prior to the time the Final Prospectus is presented to the Underwriters for signing, a copy of the Final Prospectus in the English language and a copy of the Final Prospectus in the French language, each signed by the Corporation and each Existing Investor, as promoters, in the manner required by the Securities Laws of each of the Qualifying Jurisdictions.

4.2 The Corporation shall deliver to each of the Underwriters and the Underwriters' counsel, contemporaneously with or promptly after the filing of the Final Prospectus with the OSC in its capacity as the principal regulator pursuant to the MRRS, a copy of any other document required to be filed by the Corporation with or prior to filing the Final Prospectus under the MRRS or the Securities Laws and requested by the Underwriters and the Underwriters' counsel.

4.3 The Corporation shall deliver to each of the Underwriters and the Underwriters' counsel, at or prior to the filing of the Final Prospectus with the Securities Commissions, a copy of the U.S. Placement Memorandum.

4.4 The Corporation shall deliver to the Underwriters and the Underwriters' counsel, prior to the filing of the Final Prospectus with the Securities Commissions, a final rating letter from DBRS or other evidence satisfactory to the Underwriters of a stability rating from DBRS of "STA-3 (low)" for the IPSs.

4.5 The Corporation shall deliver to the Underwriters and the Underwriters' counsel, prior to the filing of the Final Prospectus with the Securities Commissions, evidence satisfactory to the Underwriters of the approval of the listing and posting for trading on the TSX of the Offered Securities and the approval of the listing on the TSX of the Common Shares forming part of the Offered Securities, subject only to satisfaction by the Corporation of customary post-closing conditions imposed by the TSX in similar circumstances (the "Standard Listing Conditions").

4.6 The Corporation and each Existing Investor shall promptly and, in any event within all applicable time limitation periods, prepare and file with the Securities Commissions any Supplemental Material required to be filed under the Securities Laws. The Corporation and the Existing Investors shall allow the Underwriters and their counsel to participate fully in the preparation of any Supplemental Material and to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfil their obligations as underwriters and in order to enable the Underwriters to execute responsibly any certificate required to be executed by them in any Supplemental Material. Such Supplemental Material shall be in form and substance satisfactory to the Underwriters and prior to the filing of such Supplemental Material with any Securities Commission, the Corporation shall deliver to the Underwriters:

(a) a copy of such Supplemental Material signed on behalf of the Corporation and each Existing Investor in the manner required by the Securities Laws;

(b) a copy of any other document required to be filed by the Corporation with or prior to filing of the Supplemental Material under the MRRS or the Securities Laws; and

(c) such reports, comfort letters or opinions as may reasonably be requested by the Underwriters.

4.7 Each delivery of the Offering Documents to the Underwriters shall constitute the consent of the Corporation and the Existing Investors to the use thereof by the Underwriters and Selling Firms of those documents in connection with the distribution of the Offered Securities in all of the Qualifying Jurisdictions, subject to the Securities Laws.

5. **Commercial Copies**

The Corporation shall, as soon as possible but in any event not later than 12:00 noon (Toronto time) on November 12, 2004 in respect of the Final Prospectus, and within two business days after the filing of any Supplemental Material, cause to be delivered to the Underwriters without charge, commercial copies of the Final Prospectus in the English language and French language and any Supplemental Material, as the case may be, in such numbers and to such Canadian cities as the Underwriters may reasonably request by instructions given by the Underwriters to the printer of the Final Prospectus or any Supplemental Material, as the case may be. Concurrent with the delivery of the commercial copies of the Final Prospectus to the Underwriters, the Corporation shall cause to be delivered to the Underwriters without charge, commercial copies of the U.S. Placement Memorandum in such numbers and to such cities as the Underwriters may reasonably request by instructions given by the Underwriters to the printer of the U.S. Placement Memorandum. The commercial copies of the Final Prospectus and any Supplemental Material shall be identical in content to the electronically transmitted versions thereof filed with the Securities Commissions pursuant to SEDAR.

6. **Due Diligence**

The Corporation and the Existing Investors shall at all times until distribution of the Offered Securities is completed allow the Underwriters and their advisors and representatives to conduct all reasonable due diligence investigations and examinations which the Underwriters may reasonably require in order to fulfill their obligations as underwriters, in order to avail themselves of a defence to any claim for misrepresentation in the Offering Documents and in order to enable the Underwriters to responsibly execute any certificate in the Offering Documents required to be executed by the Underwriters.

7. **Auditors' Comfort Letter**

7.1 The Corporation shall deliver to each of the Underwriters and the Underwriters' counsel, at the time the Underwriters sign the Final Prospectus, a comfort letter signed by the Auditors and dated the date of the Final Prospectus, in form and substance satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters, the Directors of the Corporation and the Existing Investors with respect to the statistical and financial information appearing in the Final Prospectus which letter shall be based on a review by the Auditors within a cut-off date of not more than two business days prior to the date of the letter, and which letter shall be in addition to the Auditors' reports and opinions contained in the Final Prospectus and the Auditors' consent and comfort letters addressed to the Securities Commissions.

7.2 If any statistical, financial or accounting information is contained in any Supplemental Material which is required to be executed by the Underwriters, the Corporation shall deliver or cause to be delivered to the Underwriters at the time of execution thereof by the Underwriters a letter signed by the Auditors and dated the date of delivery thereof, in form and substance satisfactory to the Underwriters, acting reasonably, with respect to the statistical, financial and accounting information contained in the Supplemental Material and with respect to any material changes thereto, which letter shall be based on a review by the Auditors within a cut-off date of not more than two business days of the date of such letter and which letter shall be in addition to any auditors' report contained in the Supplemental Material and the auditors' consent and comfort letters addressed to the Securities Commissions.

8. **Translation Opinions**

8.1 The Corporation shall deliver to the Underwriters, prior to the time that the Final Prospectus in the French language is filed with the Securities Commissions and printed, opinions of counsel in the Province of Quebec dated the date of the Preliminary Prospectus or Final Prospectus, as applicable, in form and substance satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters, Underwriters' counsel, Stone & Webster Management Consultants, Inc., the Existing Investors, the board of directors of the Corporation and to its counsel to the effect that the Preliminary Prospectus or Final Prospectus, as applicable, in the French language (other than the Financial Statements and the sections of the Final Prospectus entitled "Prospectus Summary - Summary of Distributable Cash Flow of the Issuer", "Summary of Distributable Cash Flow of the Issuer", "Selected Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Consolidated Capitalization of the Issuer" and "Auditor's Consent" (collectively, the "Financial Information")) is in all material respects a complete and proper translation of the Preliminary Prospectus or Final Prospectus, as applicable, in the English language and is not susceptible to any materially different interpretation with respect to any material matter contained therein.

8.2 The Corporation shall also deliver to the Underwriters contemporaneously with the opinions referred to in Section 8.1, opinions of the Auditors, dated the date of the Preliminary Prospectus or Final Prospectus, as applicable, in form and substance satisfactory to the Underwriters, acting reasonably, addressed to the Underwriters, Underwriters' counsel, Stone & Webster Management Consultants, Inc., the Existing Investors, the board of directors of the Corporation and to its counsel to the effect that the Financial Information in the French language and contained in the Preliminary Prospectus or Final Prospectus, as applicable, is in all material respects a complete and proper translation of the English language version thereof.

9. **Regulatory Approvals**

9.1 The Corporation will file or cause to be filed with the TSX all necessary documents and will take or cause to be taken all necessary steps to ensure that the IPSs have been approved for listing and posting for trading on the TSX and the Common Shares have been approved for listing on the TSX, prior to the filing of the Final Prospectus with the Securities Commissions, subject only to satisfaction by the Corporation of the Standard Listing Conditions.

9.2 The Corporation and the Existing Investors will make all necessary filings, obtain all necessary regulatory consents and approvals (if any) and pay all filing fees required to be paid in connection with the transactions contemplated in this Agreement.

10. **Distribution and Certain Obligations of Underwriters**

10.1 During the course of the distribution of the Offered Securities to the public by or through the Underwriters, the Underwriters will, directly and through other investment dealers or brokers (other than the Underwriters) (each, a "Selling Firm") upon the terms and conditions set out in the Final Prospectus and this Agreement, offer and sell the Offered Securities to the public in those jurisdictions where they may be lawfully offered for sale or sold. The Underwriters will comply with, and will require any Selling Firm to agree to comply with, applicable Securities Laws in connection with the offer to sell or distribution of the Offered Securities. Except in the Qualifying Jurisdictions, the Underwriters will not, directly or indirectly, solicit offers to purchase or sell the Offered Securities or deliver the Final Prospectus or any

Supplemental Material so as to require registration of those Offered Securities or filing of a prospectus with respect to those Offered Securities under the laws of any jurisdiction including, without limitation, the United States.

10.2 The Underwriters shall use reasonable commercial efforts to complete and to cause the Selling Firms to complete the distribution of the Initial IPSs as soon as possible after the Closing Time and, if applicable, to complete the distribution of the Over-Allotment IPSs as soon as practicable after the Over-Allotment Closing Time.

10.3 The Underwriters will notify the Corporation when, in the Underwriters' opinion, the Underwriters and the Selling Firms have ceased distribution of the Offered Securities and, promptly after completion of the distribution, will provide the Corporation, in writing, with a breakdown of the number of Offered Securities distributed in each of the Qualifying Jurisdictions where that breakdown is required by the Securities Commission of that jurisdiction for the purpose of calculating fees payable to that Securities Commission.

10.4 For the purposes of this Article 10, the Underwriters shall be entitled to assume that the Offered Securities are qualified for distribution in any Qualifying Jurisdiction where a receipt or similar document for the Final Prospectus shall have been obtained from the applicable Securities Commission (including a decision document for the Final Prospectus issued under the MRRS) following the filing of the Final Prospectus unless otherwise notified in writing.

10.5 The Underwriters make the representations, warranties and covenants applicable to them in Annex A hereto and agree, each on behalf of itself and its U.S. affiliates, for the benefit of the Corporation, to comply with the selling restrictions imposed by the laws of the United States and described in Annex A hereto, which forms part of this Agreement. They also agree to obtain such an agreement of each Selling Firm. Notwithstanding the provisions of this Section 10.5, no Underwriter will be liable to the Corporation, Atlantic Holdings or an Existing Investor pursuant to this Section or Annex A as a result of the violation by any of the other Underwriters or Selling Firms of the provisions of this Section 10.5 or Annex A.

10.6 Notwithstanding the foregoing provisions of this Article 10, no Underwriter will be liable to the Corporation, Atlantic Holdings or an Existing Investor under this Agreement with respect to a default by any of the other Underwriters or Selling Firms, as the case may be.

11. **<u>Representations and Warranties</u>**

11.1 The Corporation and Atlantic Holdings jointly and severally represent and warrant to the Underwriters that upon the delivery by the Corporation to the Underwriters of any Offering Document, and as of the Closing Time (and if the Over-Allotment Option is exercised, as of the Over-Allotment Closing Time):

(a) all information and statements (except information and statements furnished by and relating solely to the Underwriters) contained in such Offering Document are, at the respective dates of delivery thereof to the Underwriters, and as of the Closing Time (and if the Over-Allotment Option is exercised, as of the Over-Allotment Closing Time), true and correct in all material respects, contain no misrepresentations and constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Securities; and

(b) such Offering Document complies fully with the requirements of the Securities Laws, other than as to requirements waived by the OSC as principal regulator under the MRRS.

11.2 In addition to the representations and warranties contained in Section 11.1, and subject to Section 11.4, the Corporation and Atlantic Holdings jointly and severally, and each Existing Investor severally and not jointly or jointly and severally, represents and warrants to the Underwriters as follows:

(a) the Corporation:

(i) is a corporation incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and is up to date with respect to all of its corporate filings under those laws; and

(ii) has all necessary corporate power, authority and capacity to own or lease its property and assets and to carry on its business as presently conducted and as proposed to be conducted as contemplated in the Final Prospectus and to execute, deliver and to perform its obligations under each of the Material Agreements to which it is a party;

(b) Atlantic Holdings:

(i) is a limited liability company incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and is up to date with respect to all of its company filings under those laws; and

(ii) has all necessary power, authority and capacity to own or lease its property and assets and to carry on its business as presently conducted and as proposed to be conducted as contemplated in the Final Prospectus and to execute, deliver and to perform its obligations under each of the Material Agreements to which it is a party;

(c) the Manager:

(i) is a limited liability company incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and is up to date with respect to all of its company filings under those laws; and

(ii) has all necessary power, authority and capacity to own or lease its property and assets and to carry on its business as presently conducted and as proposed to be conducted as contemplated in the Final Prospectus and to execute, deliver and to perform its obligations under each of the Material Agreements to which it is named a party;

(d) at the Closing Time, the Manager will have duly executed and delivered the Management Agreement;

(e) the Directors of the Corporation and Atlantic Holdings, as disclosed in the Final Prospectus have been duly appointed as directors of the Corporation and managers of Atlantic Holdings, respectively;

(f) the authorized capital of the Corporation consists of an unlimited number of Common Shares of which, as of the date of this Agreement, one Common Share is issued and outstanding as a fully paid and non-assessable Common Share of the Corporation, and pursuant to and upon execution of the Subordinated Note Indenture the Corporation will be authorized to issue an unlimited principal amount of Subordinated Notes;

(g) except as disclosed in the Final Prospectus, no person has any right to demand filing of a prospectus or registration statement or similar document by the Corporation in any jurisdiction or registration of any security of the Corporation in any jurisdiction, and no person will have any such right immediately following the Closing;

(h) as of the Closing Time, no securities of the Corporation will be issued and outstanding other than 32,000,000 Initial IPSs comprised of 32,000,000 Common Shares and Cdn$184,544,000 aggregate principal amount of Subordinated Notes and Cdn$36,501,000 aggregate principal amount of Separate Subordinated Notes;

(i) as of the Closing Time, no securities exchangeable or convertible into IPSs, Common Shares or Subordinated Notes will be issued and outstanding, other than the Over-Allotment Option;

(j) the authorized capital of Atlantic Holdings consists of an unlimited number of common membership interests, an unlimited number of Class A membership interests and an unlimited number of Class B membership interests, of which, as of the date of this Agreement, one common membership interest is issued and outstanding as a fully paid common membership interest of Atlantic Holdings;

(k) as of the Closing Time, no securities of Atlantic Holdings will be issued and outstanding other than 32,000,000 common membership interests and 38,329,287 Class A preferred membership interests, to be owned by the Corporation, and 31,291,865 common membership interests and 31,291,865 Class B preferred membership interests, to be owned by the Existing Investors, and such membership interests will be free and clear of all liens, mortgages, charges, pledges, encumbrances or other security interests other than as disclosed in the Final Prospectus and will be duly authorized, validly issued and fully paid membership interests;

(l) as of the Closing Time, no securities exchangeable or convertible into membership interests of Atlantic Holdings will be issued and outstanding, and, other than as set out in the Operating Agreement, no Person has any agreement or option, or right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase of any membership interests of Atlantic Holdings;

(m) the attributes of the IPSs, Common Shares, Subordinated Notes and the membership interests of Atlantic Holdings conform in all material respects with the descriptions thereof in the Final Prospectus;

(n) upon issue of the Offered Securities by the Corporation in accordance with this Agreement:

  (i) the Common Shares represented by the IPSs will be validly issued and will be outstanding as fully paid and non-assessable Common Shares; and

  (ii) the Subordinated Notes represented by the IPSs will be validly issued and will be outstanding as fully paid Subordinated Notes;

(o) as of the Closing Time, all of the membership interests of each Project Holding Entity will be legally and beneficially owned by Atlantic Holdings, will be free and clear of all liens, mortgages, charges, pledges, encumbrances or other security interests other than any security interests as disclosed in the Final Prospectus, and will have been duly authorized and validly issued and will be fully paid membership interests and no Person has any agreement or option, or right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase of any such membership interests, other than Atlantic Holdings pursuant to the Acquisition Agreements;

(p) the execution and delivery by the Corporation and Atlantic Holdings of this Agreement and each of the other Material Agreements to which it is a party, and the performance by the Corporation and Atlantic Holdings of their obligations hereunder and thereunder and the consummation by the Corporation and Atlantic Holdings of the transactions contemplated herein and therein, including the grant of the Over-Allotment Option and the issuance, sale and delivery of the Offered Securities, has been or, as the case may be, will be at the Closing Time duly authorized, executed and delivered by the Corporation and Atlantic Holdings and is, or will at the Closing Time be, a legal, valid and binding obligation of each of them, enforceable against each of them in accordance with its terms, subject to exceptions as to applicable bankruptcy, insolvency and similar laws and the availability of equitable remedies;

(q) except for consents, approvals, authorizations or orders, or filings, registrations or recordings with any Governmental Entity that have been obtained, no consent, approval, authorization or order of, and no filing, registration or recording with, any Governmental Entity is required in connection with the execution and delivery by the Corporation and Atlantic Holdings of this Agreement and each of the other Material Agreements to which it is a party, or the performance by the Corporation and Atlantic Holdings of their obligations hereunder and thereunder and the consummation by the Corporation and Atlantic Holdings of the transactions contemplated herein and therein, including the grant of the Over-Allotment Option and the issuance, sale and delivery of the Offered Securities;

(r) neither the execution and the delivery of this Agreement and each of the other Material Agreements to which the Corporation and/or Atlantic Holdings is a party, nor the consummation of the transactions contemplated hereby and thereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any Governmental Entity to which either is subject, or any provision of the Corporation's or Atlantic Holdings' organizational documents, (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which Corporation and/or Atlantic Holdings is a party or by which either is bound or to which any of their respective assets is subject, or (iii) result in the imposition or creation of any Lien upon or with respect to the membership interests in a Project Holding Entity (other than in connection with Atlantic Holdings' purchase of such entities);

(s) each of the Preliminary Prospectus and the Final Prospectus, in both the French and English languages, and the execution and filing of each of the Preliminary Prospectus and the Final Prospectus, in both the French and English languages, with the Securities Commissions have been duly approved and authorized by all necessary action by the Corporation and the Existing Investors, and each of the Preliminary Prospectus and the Final Prospectus, in both the French and English languages, have been duly executed by and on behalf of the Corporation and the Existing Investors;

(t) prior to the date hereof, except for the preparation and filing of the Preliminary Prospectus and the Final Prospectus and the entering into of the Material Agreements to which it is a party, neither the Corporation nor Atlantic Holdings has previously carried on any business, entered into any material contract or agreement or incurred any liability, contingent or otherwise;

(u) except as disclosed in the Final Prospectus, subsequent to June 30, 2004, there has not been any material change (financial or otherwise) in the business, affairs, assets or liabilities (contingent or otherwise), obligations, capital or prospects of the Corporation or Atlantic Holdings or Teton Funding;

(v) the TSX has conditionally approved the listing and posting for trading of the Offered Securities and the listing of the Common Shares forming part of the Offered Securities, subject to satisfaction by the Corporation of the Standard Listing Conditions;

(w) as at the Closing Time, the form and terms of the certificates for the Common Shares will be approved and adopted by the Directors of the Corporation and will comply with the requirements of the *Business Corporations Act* (Ontario) and the TSX;

(x) as at the Closing Time, the form and terms of the certificates for the Subordinated Notes will be approved and adopted by the Directors of the Corporation and will comply with the requirements of the Subordinated Note Indenture;

(y) as at the Closing Time, the form and terms of the certificates for the IPSs will be approved and adopted by the Directors of the Corporation and will comply with the requirements of the TSX, if applicable;

(z) the Offered Securities are not and at the Closing Time will not be "foreign property" as defined in the Tax Act;

(aa) except as provided herein, there is no Person acting for the Corporation, Atlantic Holdings, or any of the Existing Investors that is entitled to any brokerage or finder's fee in connection with the Material Agreements or any of the transactions contemplated thereunder;

(bb) upon the issuance of a receipt for the Final Prospectus and at the Closing Time, the Corporation will be a reporting issuer or the equivalent thereof in each Qualifying Jurisdiction where such concept exists and will not be in default under the Securities Laws of any Qualifying Jurisdiction;

(cc) except as contemplated by the Acquisition Agreements and disclosed in the Final Prospectus, the Corporation and Atlantic Holdings do not own and have not entered into any agreement of any nature to acquire, directly or indirectly, any securities, or other equity or proprietary interest in, any Person and neither the Corporation nor Atlantic Holdings has entered into any agreement to acquire or lease any other material businesses, assets or investments other than in the ordinary course of business;

(dd) except as set out in this Agreement or contemplated by the Acquisition Agreements, or as disclosed in the Final Prospectus, no Person has any agreement, option, right or privilege (whether present or future, contingent or absolute, pre-emptive or contractual) or any right capable of becoming an agreement, option, right or privilege, for the issue of any unissued IPSs, Common Shares or Subordinated Notes or any other security convertible into or exchangeable for any such IPSs, Common Shares or Subordinated Notes or any membership interests of Atlantic Holdings or to require the Corporation, Atlantic Holdings or any Existing Investor to purchase, redeem or otherwise acquire any of the issued and outstanding IPSs, Common Shares or Subordinated Notes or any membership interests of Atlantic Holdings, as the case may be;

(ee) except as contemplated by the Acquisition Agreements or as disclosed in the Final Prospectus there is no agreement in force or effect which in any manner affects or will affect the voting or control of any of the issued and outstanding securities of the Corporation or Atlantic Holdings; and as of the Closing Time there will be no agreement in force or effect which in any manner affects or will affect the voting or control of any of the issued and outstanding securities of the Corporation or Atlantic Holdings;

(ff) no order, ruling or determination ceasing or suspending trading in the securities of the Corporation, prohibiting the sale of such securities or preventing or suspending the use of the Final Prospectus has been issued to the Corporation or its directors, officers or promoters and, to the knowledge of the Corporation, Atlantic Holdings and the Existing Investors, no investigations or proceedings for such purposes are pending or threatened;

(gg) except as disclosed in the Final Prospectus, none of the Directors or officers of any of the Corporation, Atlantic Holdings, any Person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or securities of any Person exchangeable for more than 10% of any class of securities of the Corporation, or any associate or affiliate of the foregoing, respectively, has, or to the knowledge of the Corporation, Atlantic Holdings and the Existing Investors intends to have, any interest, direct or indirect, in any transaction or any proposed transaction with the Corporation which materially affects, is material to or will materially affect the Corporation or a Subsidiary of the Corporation or a Project Operating Entity;

(hh) there are no actions, suits, proceedings or investigations, whether on behalf of or against the Corporation, Atlantic Holdings or, an Existing Investor pending, or, to the knowledge of the Corporation, Atlantic Holdings and each Existing Investor, threatened against or affecting the Corporation, Atlantic Holdings or an Existing Investor at law or in equity, before any court, arbitrator or any federal, provincial, state, municipal, county or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may in any way materially adversely affect the business, operations, assets, liabilities, ownership, management, securities, capital or condition (financial or otherwise) of the Corporation or Atlantic Holdings or which questions the validity of the issuance, sale and delivery of the Offered Securities or the Separate Subordinated Notes or any action taken or to be taken by the Corporation, Atlantic Holdings or an Existing Investor pursuant to or in connection with this Agreement or any of the Material Agreements;

(ii) there are no judgments unsatisfied against the Corporation, Atlantic Holdings, or an Existing Investor or, to the knowledge of the Corporation, Atlantic Holdings and each Existing Investor, any consent decrees or injunctions to which the Corporation, Atlantic Holdings or an Existing Investor;

(jj) except as disclosed in the Final Prospectus, no default exists under and no event has occurred or, to the knowledge of the Corporation, Atlantic Holdings, and each Existing Investor has been threatened, which after notice or lapse of time or both, or otherwise, would constitute a default under or breach of, by the Corporation, Atlantic Holdings, each Existing Investor, or any other Person, any obligation, agreement, covenant or condition contained in any material contract, indenture, trust, deed, mortgage, loan agreement, note, lease, licence or other material agreement or instrument (including, without limitation, any Material Agreement) to which the Corporation, Atlantic Holdings or an Existing Investor is, or will, at the Closing Time be, a party or by which any of them or any of their respective properties may be bound except such defaults or breaches which will not either individually or in the aggregate have a material adverse effect on the business, operations or financial condition of the Corporation or Atlantic Holdings;

(kk) except as disclosed in the Final Prospectus, as of the Closing Time (and if the Over-Allotment Option is exercised, as of the Over-Allotment Closing Time) each of the Corporation and Atlantic Holdings will have no liabilities, contingent or otherwise, which materially adversely affects or may materially adversely affect the business, operations, assets, liabilities, ownership, management, securities, capital, prospects or condition (financial or otherwise) of the Corporation or Atlantic Holdings;

(ll) other than as disclosed in the Final Prospectus, to the knowledge of the Corporation, Atlantic Holdings and each Existing Investor there is no legislation or any other action undertaken by any federal, provincial, state, municipal, county or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may materially adversely affect the business, operations, assets, liabilities, ownership, management, securities, capital, prospects or condition (financial or otherwise) of the Corporation or Atlantic Holdings;

(mm) the Financial Statements are complete and correct and present fairly, in all material respects, the financial position and (as applicable) the results of operations of the Corporation, Teton Power Funding, LLC and UtilCo SaleCo LLC, as the case may be, in accordance with Canadian generally accepted accounting principles in the case of the Corporation, and in accordance with U.S. generally accepted accounting principles in the case of Teton Power Funding, LLC and UtilCo SaleCo LLC;

(nn) the pro forma Financial Statements of the Corporation contained in the Final Prospectus are complete and correct in all material respects and have been prepared in accordance with Canadian generally accepted accounting principles consistently applied and applicable Securities Laws, and neither the Corporation nor any of the Existing Investors is aware of any fact or circumstance presently existing which would render such pro forma Financial Statements materially incorrect;

(oo) the Auditors, who have audited and reviewed the Financial Statements, are independent chartered accountants with respect to the Corporation, Teton Power Funding, LLC and UtilCo SaleCo LLC as required by Securities Laws;

(pp) neither the Corporation nor Atlantic Holdings is, and neither will be as a result of the execution and the delivery of this Agreement and each of the other Material Agreements to which the Corporation and/or Atlantic Holdings is a party, and the consummation of the transactions contemplated hereby and thereby, an "Investment Company" as defined in the *Investment Company Act of 1940* of the United States;

(qq) assuming the restrictions in the constating documents of the Corporation and Atlantic Holdings are complied with, neither the Corporation nor Atlantic Holdings is (i) an "electric utility company", a "holding company" or either a "subsidiary company" or an "affiliate" of either an "electric utility company" or a "holding company" (as such terms are defined in PUHCA), (ii) subject to regulation under PUHCA, or (iii) subject to regulation as an "electric utility" or a "public utility" as such terms are defined in the FPA;

(rr) the Trust Company, at its principal office in Toronto, will have been, at the Closing Time, duly appointed as transfer agent and registrar for the IPSs and Common Shares; and

(ss) the Indenture Trustee, at its principal office in Toronto, will have been, at the Closing Time, duly appointed as trustee in respect of the Subordinated Notes.

11.3 In addition to the representations and warranties contained in Sections 11.1 and 11.2:

(a) the Corporation, Atlantic Holdings and Teton Power Holdings, LLC, jointly and severally represent and warrant to the Underwriters that the representations and warranties of Teton Power Holdings, LLC contained in Sections 3.3 and 3.4 of the Acquisition Agreement among the Corporation, Atlantic Holdings and Teton Power Holdings, LLC are true and correct, as of the date hereof, provided that where reference is made in such Acquisition Agreement to documents or information having been provided or made available by Teton Power Holdings, LLC to “the Issuer and Buyer”, for the purposes of this Agreement such references shall instead be deemed to refer to such documents or information having been provided or made available to the Underwriters;

(b) the Corporation, Atlantic Holdings and Epsilon Power Holdings, LLC, jointly and severally represent and warrant to the Underwriters that the representations and warranties of Epsilon Power Holdings, LLC contained in Sections 3.3 and 3.4 of the Acquisition Agreement among the Corporation, Atlantic Holdings and Epsilon Power Holdings, LLC are true and correct, as of the date hereof, provided that where reference is made in such Acquisition Agreement to documents or information having been provided or made available by Epsilon Power Holdings, LLC to “the Issuer and Buyer”, for the purposes of this Agreement such references shall instead be deemed to refer to such documents or information having been provided or made available to the Underwriters; and

(c) the Corporation, Atlantic Holdings and Umatilla Power Holdings, LLC, jointly and severally represent and warrant to the Underwriters that the representations and warranties of Umatilla Power Holdings, LLC contained in Sections 3.3 and 3.4 of the Acquisition Agreement among the Corporation, Atlantic Holdings and Umatilla Power Holdings, LLC are true and correct, as of the date hereof, provided that where reference is made in such Acquisition Agreement to documents or information having been provided or made available by Umatilla Power Holdings, LLC to “the Issuer and Buyer”, for the purposes of this Agreement such references shall instead be deemed to refer to such documents or information having been provided or made available to the Underwriters.

11.4 The representations and warranties in Section 11.2 with respect to matters related exclusively to an Existing Investor and/or its Subsidiaries and/or a Project Operating Entity in which such Existing Investor held a direct or indirect interest immediately prior to the completion of the transactions contemplated by the Acquisition Agreements are made on a joint and several basis among the Corporation, Atlantic Holdings and such Existing Investor, exclusively.

12. **<u>Material Change</u>**

12.1 The Corporation and the Existing Investors will promptly inform the Underwriters in writing during the period prior to the completion of the distribution of the Offered Securities of the full particulars of:

(a) any change (actual, anticipated, contemplated or threatened) in the assets, liabilities (contingent or otherwise), business, affairs, operations or capital of the Corporation, Atlantic Holdings or any of the Project Holding Group Entities or Project Operating Entities; or

(b) any change in any matter referred to in any Offering Document (other than any matter relating solely to any of the Underwriters); or

(c) any other fact, event or circumstance;

which would have been required to have been stated in the Final Prospectus or any Supplemental Material had that fact or change arisen or been discovered on, or prior to, the date of any of the Final Prospectus or any Supplemental Material or which is, or may be, of such a nature as to render any of the Offering Documents or any statement therein untrue or misleading in any material respect or which would result in any of the Offering Documents containing a misrepresentation or which would result in any of the Offering Documents not complying with any of the Securities Laws or which would reasonably be expected to have a significant effect on the market price or value of the Offered Securities.

12.2 The Corporation will promptly comply with all applicable filing and other requirements under the Securities Laws arising as a result of any change, fact, event or circumstance referred to in Section 12.1 and the Corporation and the Existing Investors will prepare and the Corporation will file under all applicable Securities Laws, as promptly as possible, and in any event within any time limit prescribed under applicable Securities Laws, any Supplemental Material as may be required under applicable Securities Laws or which, in the opinion of both the Underwriters and the Corporation, acting reasonably, may be advisable; provided that the Corporation shall allow the Underwriters and their counsel to participate fully in the preparation of any Supplemental Material and to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfil their obligations as underwriters and in order to enable the Underwriters to execute responsibly any certificate required to be executed by them in any Supplemental Material and the Underwriters shall have approved the form of any Supplemental Material, such approval not to be unreasonably withheld and to be provided in a timely manner, and the Corporation will otherwise comply with all legal requirements necessary to continue to qualify the Offered Securities for distribution in each of the Qualifying Jurisdictions.

12.3 In addition to the provisions of Sections 12.1 and 12.2, the Corporation and the Existing Investors will, in good faith, discuss with the Underwriters any fact, change, event or circumstance (actual, anticipated, contemplated or threatened) which is of such a nature that there is or could be reasonable doubt as to whether notice should be given to the Underwriters under Section 12.1 and will consult with the Underwriters with respect to the form and content of any Supplemental Material proposed to be filed by the Corporation.

13. **Covenants of the Corporation and the Existing Investors**

13.1 The Corporation and each Existing Investor severally covenants and agrees with the Underwriters that it:

(a) will advise the Underwriters, promptly after receiving notice thereof, of the time when the Final Prospectus and any Supplemental Material has been filed and receipts have been obtained and will provide evidence satisfactory to the Underwriters of each filing and the issuance of receipts;

(b) will advise the Underwriters, promptly after receiving notice or obtaining knowledge of: (i) the issuance by any Securities Commission, the TSX or any other competent authority of any order suspending or preventing the use of the any of the Offering Documents or trading of any securities of the Corporation; (ii) the suspension of the qualification of the Offered Securities for offering or sale in any of the Qualifying Jurisdictions; and (iii) the institution, threatening or contemplation of any proceeding for any of those purposes; and will use its reasonable commercial efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal of the order promptly;

(c) will advise the Underwriters, promptly after receiving notice of or obtaining knowledge of any request made by any Securities Commission to amend or supplement the Final Prospectus or any Supplemental Material or provide any additional information;

(d) the Corporation will apply the net proceeds from the issue and sale of the Offered Securities substantially in accordance with the disclosure set out under the heading “Use of Proceeds” in the Final Prospectus; and

(e) will not, without prior consultation with BMONB on behalf of the Underwriters, during the period commencing on the date hereof and expiring on the completion of the distribution to the public of the Offered Securities, issue any press release.

14. **Conditions of Closing**

14.1 The Underwriters' obligations under this Agreement shall be subject to the following conditions being fulfilled which are for the exclusive benefit of the Underwriters, any of which may be waived, in whole or in part, by the Underwriters, in their sole discretion, pursuant to Section 15.2 hereof:

(a) the Underwriters and their counsel shall have received a legal opinion, subject to customary limitations, assumptions and qualifications, dated as of the Closing Date addressed to the Underwriters from the Corporation's, Atlantic Holdings' and the Manager's counsel in form and content to the reasonable satisfaction of the Underwriters' counsel with respect to such matters as the Underwriters may reasonably request, including the following:

(i) the Corporation:

(1) is a corporation incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and is up to date with respect to all of its corporate filings under those laws; and

(2) has all necessary corporate power, authority and capacity to own or lease its property and assets and to carry on its business as contemplated in the Final Prospectus and to execute, deliver and to perform its obligations under each of the Material Agreements to which it is a party;

(ii) Atlantic Holdings:

(1) is a limited liability company incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and is up to date with respect to all of its company filings under those laws; and

(2) has all necessary power, authority and capacity to own or lease its property and assets and to carry on its business as contemplated in the Final Prospectus and to execute, deliver and to perform its obligations under each of the Material Agreements to which it is a party;

(iii) the Manager:

(1) is a limited liability company incorporated and organized and validly subsisting under the laws of its jurisdiction of incorporation, and is up to date with respect to all of its company filings under those laws; and

(2) has all necessary power, authority and capacity to own or lease its property and assets and to carry on its business as contemplated in the Final Prospectus and to execute, deliver and to perform its obligations under each of the Material Agreements to which it is named a party;

(iv) the Manager has duly executed and delivered the Management Agreement;

(v) the Corporation is authorized to issue an unlimited number of Common Shares, and pursuant to the Subordinated Note Indenture is authorized to issue an unlimited principal amount of Subordinated Notes, of which, as at the Closing Time, such numbers of Initial IPSs and Common Shares as noted in the Final Prospectus will be validly issued and outstanding as fully paid and non-assessable securities of the Corporation and such aggregate principal amount of Subordinated Notes as noted in the Final Prospectus will be outstanding and, if the Over-Allotment Option is exercised, as at the Over-Allotment Closing Time, such number of Over-Allotment IPSs and Common Shares issuable pursuant to such exercise of the Over-Allotment Option will have been validly issued and outstanding as fully paid and non-assessable securities of the Corporation and such aggregate principal amount of Subordinated Notes issuable pursuant to the Over-Allotment Option will be outstanding;

(vi) Atlantic Holdings is authorized to issue an unlimited number of common membership interests, Class A preferred membership interests and Class B preferred membership interests, and as at the Closing Time 32,000,000 common membership interests and 38,329,287 Class A preferred membership interests will be issued and outstanding as fully paid membership interests registered in the name of the Corporation and 31,291,865 common membership interests and 31,291,865 Class B preferred membership interests will be issued and outstanding as fully paid membership interests registered in the name of the Existing Investors;

(vii) to its knowledge, as of the Closing Time, no securities exchangeable or convertible into IPSs, Common Shares or Subordinated Notes will be issued and outstanding, other than the Over-Allotment Option;

(viii) all necessary action has been taken by the Corporation to validly create, issue, sell and deliver the Offered Securities to the Underwriters;

(ix) all necessary action has been taken to authorize the execution and delivery by the Corporation of this Agreement and the other Material Agreements to which it is a party and the performance of its obligations under those agreements, and this Agreement and the other Material Agreements to which the Corporation is a party have been duly executed and delivered by the Corporation, and constitute legal, valid and binding obligations of the Corporation enforceable against it in accordance with their terms, provided that enforcement may be limited by bankruptcy, insolvency and other similar laws of general application affecting the enforcement of creditors' rights generally, specific performance, injunctive relief and other equitable remedies may be granted only in the discretion of a court of competent jurisdiction and that rights of indemnity and/or contribution set out in this Agreement may be limited by applicable law;

(x) all necessary action has been taken to authorize the execution and delivery by Atlantic Holdings of this Agreement and the Material Agreements to which it is a party and the performance of its obligations under those agreements, and this Agreement and the other Material Agreements to which Atlantic Holdings is a party have been duly executed and delivered by Atlantic Holdings and constitute legal, valid and binding obligations of Atlantic Holdings, enforceable against it in accordance with their terms, provided that enforcement may be limited by bankruptcy, insolvency and other similar laws of general application affecting the enforcement of creditors' rights generally, specific performance, injunctive relief and other equitable remedies may be granted only in the discretion of a court of competent jurisdiction and that rights of indemnity and/or contribution set out in this Agreement may be limited by applicable law;

(xi) no consent, approval, authorization or order of, and no filing, registration or recording with, any Governmental Entity is required in connection with the execution and delivery by the Corporation and Atlantic Holdings of this Agreement and each of the other Material Agreements to which it is a party, or the performance by the Corporation and Atlantic Holdings of their obligations hereunder and thereunder and the consummation by the Corporation and Atlantic Holdings of the transactions contemplated herein and therein, including the issuance, sale and delivery of the Offered Securities and the grant of the Over-Allotment Option, except for consents, approvals, authorizations or orders, or filings, registrations or recordings with any Governmental Entity that have been obtained;

(xii) the execution and the delivery of this Agreement and each of the other Material Agreements to which the Corporation and/or Atlantic Holdings is a party, and the consummation of the transactions contemplated hereby and thereby, will not:

(1) conflict with or result in or will result in a breach of or default under any of the terms, conditions or provisions of the constating or organizational documents of the Corporation or Atlantic Holdings or the resolutions of their respective Directors or Equity Holders or any committee thereof, as the case may be;

(2) conflict with or result in a breach of or default under, or give rise to the acceleration of or the maturity of any debt under, any of the Material Agreements or, to the knowledge of such counsel, any other material agreement or instrument to which the Corporation or Atlantic Holdings is a party; or

(3) conflict with or result in a breach of or default under any applicable law, or any judgment, order or decree of any Governmental Entity having jurisdiction over the Corporation or Atlantic Holdings or any of their respective assets or properties.

(xiii) each of the Preliminary Prospectus and the Final Prospectus, in both the French and English languages, and the execution and filing of each of the Preliminary Prospectus and the Final Prospectus, in both the French and English languages, with the Securities Commissions have been duly approved and authorized by all necessary action by the Corporation and the Existing Investors, and each of the Preliminary Prospectus and the Final Prospectus, in both the French and English languages, have been duly executed by and on behalf of the Corporation and the Existing Investors;

(xiv) the distribution of the Offered Securities complies (and, if the Over-Allotment Option is exercised, as at the Over-Allotment Closing Time will comply), in all material respects, with all laws in the Province of Quebec relating to the use of the French language in connection therewith;

(xv) the Corporation is a reporting issuer or the equivalent thereof in each Qualifying Jurisdiction where such concept exists and is not in default under the Securities Laws of any Qualifying Jurisdiction;

(xvi) all necessary documents have been filed, all requisite proceedings have been taken and all other legal requirements have been fulfilled under the laws of each of the Qualifying Jurisdictions in order to qualify the issuance, distribution and sale of the Offered Securities to the public in each of the Qualifying Jurisdictions and to permit the issuance, sale and delivery of the Offered Securities to the public in each of the Qualifying Jurisdictions through investment dealers or brokers who are registered under applicable legislation of the Qualifying Jurisdictions and who have complied with the relevant provisions of such applicable legislation;

(xvii) the form and terms of the certificates for the Common Shares have been approved and adopted by the directors of the Corporation and comply with the requirements of the *Business Corporations Act* (Ontario) and the TSX;

(xviii) the form and terms of the certificates for the Subordinated Notes have been approved and adopted by the directors of the Corporation and comply with the requirements of the Subordinated Note Indenture;

(xix) the form and terms of the certificates for the IPSs have been approved and adopted by the directors of the Corporation and comply with the requirements of the TSX, if applicable;

(xx) the TSX has conditionally approved the listing and posting for trading of the Offered Securities and the listing of the Common Shares forming part of the Offered Securities, subject to fulfilling the Standard Listing Conditions by February 3, 2005;

(xxi) the attributes of the IPSs, Common Shares and the Subordinated Notes and the membership interests of Atlantic Holdings conform in all material respects with the descriptions thereof in the Final Prospectus;

(xxii) the Offered Securities, (a) if, as and when the Common Shares are listed upon a prescribed stock exchange (which currently includes the TSX) will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans (except that the Subordinated Notes will not be qualified investments for trusts governed by a deferred profit sharing plan to which contribution payments are made by the Corporation or a Person with whom the Corporation does not deal at arm's length within the meaning of the Tax Act) and registered education savings plans (collectively, the "plans"), and (b) based, in part, on a certificate of the Corporation, do not constitute foreign property for the purposes of the tax imposed under Part XI of the Tax Act on those plans (other than registered education savings plans), registered investments and other tax exempt entities including most registered pension funds and registered pension plans;

(xxiii) subject to the qualifications, assumptions, limitations and understandings set out therein, the statements as to matters of the laws of Canada set out in the Final Prospectus under the heading "Certain Canadian Federal Income Tax Considerations" fairly describe the principal Canadian federal income tax considerations as at the date hereof generally applicable under the Tax Act to a holder of IPSs who acquires Common Shares and Subordinated Notes as represented by IPSs pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, is resident or is deemed to be resident in Canada, holds the Common Shares and Subordinated Notes represented by IPSs as capital property and deals at arm's length and is not affiliated with the Corporation, as well as certain material

Canadian federal income tax considerations generally applicable to the Corporation, all as of the date of such opinion;

(xxiv) the Trust Company, at its principal offices in Toronto, has been duly appointed as the transfer agent and registrar for the IPSs and the Common Shares;

(xxv) the Indenture Trustee, at its principal office in Toronto, has been duly appointed as trustee in respect of the Subordinated Notes; and

(xxvi) the Directors of the Corporation and Atlantic Holdings, as disclosed in the Final Prospectus have been duly appointed as directors and managers of the Corporation and Atlantic Holdings, respectively.

(b) the Underwriters shall have received a legal opinion or opinions dated as of the Closing Date addressed to the Underwriters from Goodwin Procter LLP, or other U.S. counsel acceptable to the Underwriters, acting reasonably, in form and content to the reasonable satisfaction of the Underwriters with respect to all such matters as the Underwriters may reasonably request, including:

(i) that subject to the qualifications, assumptions, limitations and understandings set out in such opinion, the statements as to matters of the laws of the United States set out in the Final Prospectus under the heading “Certain U.S. Federal Income Tax Considerations” fairly summarize the material U.S. federal income tax considerations generally applicable to a Non-U.S. Holder (as defined in the Final Prospectus) with respect to the purchase, ownership and disposition of IPSs, Subordinated Notes or Common Shares, as well as certain material U.S. federal income tax considerations generally applicable to the Corporation, all as of the date of such opinion;

(ii) the statements included in the Final Prospectus under the captions “The Issuer – Limitation on ERISA Plan Ownership” and Limitation on Ownership by Electric Utilities and Others” to the extent they include matters of law or regulations or legal conclusions, have been reviewed by such counsel and fairly summarize the matters set forth therein in all material respects; and

(iii) with respect to the sale of the Offered Securities by the Underwriters under Rule 144A (as defined in Annex A attached hereto) including that no registration of the Offered Securities is required;

(c) the Underwriters shall have received a legal opinion or opinions dated as of the Closing Date addressed to the Underwriters from Paul, Weiss, Rifkind, Wharton & Garrison LLP in form and content to the reasonable satisfaction of the Underwriters with respect to all such matters as the Underwriters may reasonably request, including that subject to the qualifications, assumptions, limitations and understandings set out in such opinion, the statements as to matters of the laws of the United States set out in the Final Prospectus under the heading “Certain U.S. Federal Income Tax Considerations” fairly summarize the material U.S. federal income tax considerations generally applicable to a Non-U.S. Holder (as defined in the Final Prospectus) with respect to the purchase, ownership and disposition of IPSs, Subordinated Notes or Common Shares, as well as certain material U.S. federal income tax considerations generally applicable to the Corporation, all as of the date of such opinion;

(d) the Underwriters shall have received a legal opinion, dated as of the Closing Date and addressed to the Underwriters, from Blake, Cassels & Graydon LLP, Canadian counsel to the

Underwriters, in form and content to the reasonable satisfaction of the Underwriters with respect to such matters as the Underwriters may reasonably request.

(e) the Corporation, Atlantic Holdings and the Existing Investors shall cause a legal opinion of counsel to each Existing Investor, dated the Closing Date, in the form provided for in each Acquisition Agreement and to the reasonable satisfaction of Underwriters' counsel, to be delivered and addressed to the Underwriters;

(f) the Underwriters will have received certificates dated the Closing Date, and if the Over-Allotment Option is exercised, dated the Over-Allotment Closing Date, signed by those senior officers of the Manager on behalf of the Corporation and Atlantic Holdings and by senior officers of each Existing Investor, as the case may be, as may be acceptable to the Underwriters, acting reasonably, in form and content satisfactory to the Underwriters, acting reasonably, with respect to all such matters as the Underwriters may reasonably request, including the following:

(i) the constating documents of each such entity;

(ii) the resolutions of the Directors of the Corporation and of the Directors of Atlantic Holdings and each Existing Investor, as the case may be, relevant to the approval of the Final Prospectus and the signing and filing thereof, the allotment, issue and sale of the Offered Securities and the authorization of the other agreements and transactions contemplated by this Agreement and each of the Material Agreements; and

(iii) the incumbency and signatures of signing officers of the Corporation, Atlantic Holdings and each Existing Investor, as the case may be;

(g) the Underwriters shall have received at the Closing Time, and if the Over-Allotment Option is exercised, at the Over-Allotment Closing Time, (A) a certificate dated the Closing Date or the Over-Allotment Closing Date, as applicable, addressed to the Underwriters and signed by two senior officers of the Manager on behalf of the Corporation, certifying for and on behalf of the Corporation, (B) a certificate dated the Closing Date or the Over-Allotment Closing Date, as applicable, addressed to the Underwriters and signed by two senior officers of the Manager on behalf of Atlantic Holdings certifying for and on behalf of Atlantic Holdings, and (C) certificates dated the Closing Date or the Over-Allotment Closing Date, as applicable, addressed to the Underwriters and signed by a senior officer of each Existing Investor acceptable to the Underwriters, acting reasonably, certifying for and on behalf of such Existing Investor (it being acknowledged and agreed that each Existing Investor shall certify only as to itself), in each case, after having made due inquiry, to those matters as the Underwriters may reasonably request, including to the effect that:

(i) subsequent to the respective dates as at which information is given in the Final Prospectus or any Supplemental Material there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) to the business, affairs, assets, liabilities (contingent or otherwise), capital or prospects of the Corporation or Atlantic Holdings or any Project Holding Group Entity or, to their knowledge, any Project Operating Entity and none of the Corporation, Atlantic Holdings, or an Existing Investor or any Project Holding Group Entity or, to their knowledge, any Project Operating Entity has entered into any transaction out of the ordinary course of business which is material to the Corporation or Atlantic Holdings other than as disclosed in the Final Prospectus or any Supplemental Material;

(ii) there are no actions, suits, proceedings or inquiries pending or to the knowledge of the Corporation, Atlantic Holdings or the Existing Investors, threatened against or affecting the Corporation, Atlantic Holdings, any Project Holding Group Entity or, to their knowledge, any Project Operating Entity or an Existing Investor at law or in equity or before or by any federal, provincial, state, municipal, county or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which may in any way materially adversely affect the Corporation or Atlantic Holdings or any of the transactions contemplated by this Agreement and the other Material Agreements;

(iii) no order, ruling or determination having the effect of ceasing or suspending trading in the Offered Securities or any other securities of the Corporation or prohibiting the sale of the Offered Securities has been issued, no proceedings for such purpose have been instituted and, to the best of its knowledge, information and belief, no proceedings for such purpose are pending or threatened;

(iv) each of the Corporation, Atlantic Holdings and each Existing Investor has complied with all covenants and satisfied all terms and conditions of this Agreement on its part to be complied with or satisfied up to the Closing Time (or the Over-Allotment Closing Time as applicable);

(v) the representations and warranties of the Corporation, Atlantic Holdings and each Existing Investor contained in this Agreement are true and correct as of the Closing Time (or the Over-Allotment Closing Time as applicable) with the same force and effect as if made at and as of the Closing Time (or the Over-Allotment Closing Time as applicable) (except in respect of any representations and warranties that are made as of a specified date, in which case they will be true and correct only as at that date) after giving effect to the transactions contemplated by this Agreement; and

(vi) all of the conditions to the completion of the transactions contemplated by the Acquisition Agreements have been satisfied other than the completion of the Offering.

(h) the Underwriters shall have received at the Closing Time a comfort letter dated as of the Closing Date addressed to the Underwriters from the Auditors substantially in the form requested by the Underwriters, acting reasonably, updating the comfort letter or letters to be delivered to the Underwriters pursuant to Article 7, provided that such letter may be based on a review by the Auditors having a cut-off date not more than two business days prior to the Closing Date;

(i) all of the conditions to the completion of the transactions contemplated by the Acquisition Agreements shall have been satisfied, other than the completion of the Offering and completion of the sale of the Separate Subordinated Notes;

(j) the Underwriters shall have received evidence satisfactory to them confirming timely delivery of the Notice of Prepayment to the lenders under Teton Power Funding, LLC's March 2004 credit facility;

(k) each of the Material Agreements and the ROFO Agreement shall have been duly executed and delivered;

(l) the form and terms of each of the Material Agreements and the ROFO Agreement shall be satisfactory to the Underwriters acting reasonably, and consistent with the Final Prospectus and none of such Material Agreements nor the ROFO Agreement shall have been amended, supplemented or modified in any way and no condition or provision in any such Material Agreement or the ROFO Agreement shall have been waived by any party without the prior written consent of the Underwriters, acting reasonably, and each of the parties thereto shall have performed such of their obligations thereunder which are to be performed or completed at or prior to the Closing Time to the satisfaction of the Underwriters, acting reasonably;

(m) all actions required to be taken by or on behalf of the Corporation including the passing of all requisite resolutions of the directors of the Corporation and all requisite filings with governmental authorities, Securities Commissions or courts will have occurred at or prior to the Closing Time, or if the Over-Allotment Option is exercised, prior to the Over-Allotment Closing Time, so as to validly authorize the execution and filing of the Preliminary Prospectus, the Final Prospectus and any Supplemental Material and to create and issue the Initial IPSs, to grant the Over-Allotment Option, and, if applicable, to create and issue the Over-Allotment IPSs, in each case having the attributes contemplated by the Final Prospectus;

(n) the representations and warranties of the Corporation, Atlantic Holdings and the Existing Investors contained herein shall be true and correct as of the Closing Time, and if the Over-Allotment Option is exercised, as of the Over-Allotment Closing Time, with the same force and effect as if made at and as of the Closing Time or the Over-Allotment Closing Time, as applicable, after giving effect to the transactions contemplated hereby;

(o) each of the Corporation, Atlantic Holdings and the Existing Investors shall have complied with all covenants contained herein and satisfied all terms and conditions contained herein to be complied with and satisfied by it at or prior to the Closing Time or if the Over-Allotment Option is exercised, as of the Over-Allotment Closing Time, as applicable;

(p) the Offered Securities will have been approved for listing and posting for trading on the TSX and the Common Shares forming part of the Offered Securities will have been approved for listing on the TSX, subject only to the Standard Listing Conditions;

(q) BMONB shall have delivered a certificate to the board of directors of the Corporation as to the commercial reasonableness of the terms of the Subordinated Notes, in a form satisfactory to the board of directors of the Corporation;

(r) the Underwriters shall have received at the Closing Time a letter from DBRS or other evidence satisfactory to the Underwriters confirming that the IPSs then have a stability rating from DBRS of “STA-3 (low)”, and that such rating has not changed and that no credit or rating alert has been issued with respect thereto;

(s) the closing of the offering of the Separate Subordinated Notes shall occur concurrently with the closing of the Offering; and

(t) the Underwriters will have received such other certificates, opinions, agreements, materials or documents, in form and substance satisfactory to the Underwriters, as the Underwriters may reasonably request.

14.2 In giving the opinions contemplated in Section 14.1, counsel may rely:

(a) as to matters of fact, to the extent appropriate in the circumstances, on certificates of the Auditors and on certificates of the Corporation, Atlantic Holdings and the Existing Investors executed on their respective behalf by a senior officer, acceptable to the Underwriters, acting reasonably;

(b) on the opinions of local counsel acceptable to the Underwriters' counsel, acting reasonably, as to the qualification of the Offered Securities for sale to the public and as to other relevant matters in the Qualifying Jurisdictions and all other relevant jurisdictions; and

(c) in the case of counsel to the Underwriters and to the extent necessary, on the opinion of the Corporation's counsel or local counsel.

15. <u>Termination by Underwriters in Certain Events</u>

15.1 Each Underwriter will be entitled to terminate its obligation to purchase the Initial IPSs by written notice to that effect given to the Corporation at or prior to the Closing Time and to terminate its obligations to purchase the Over-Allotment IPSs by written notice to that effect given to the Corporation at or prior to the Over-Allotment Closing Time if:

(a) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is commenced, announced or threatened or any order is issued under or pursuant to any relevant statute or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality or any third party, including, without limitation, the TSX or any securities regulatory authority (other than any such inquiry, action, suit, investigation or other proceeding or order relating solely to any of the Underwriters) or there is any change of law, or interpretation or administration thereof, which, in the reasonable opinion of that Underwriter, acting in good faith, (i) operates to prevent or restrict the trading in, or adversely impacts the distribution or the marketability of the Initial IPSs or Over-Allotment IPSs, or materially and adversely affects or will materially and adversely affect the market price or value of the Initial IPSs or Over-Allotment IPSs, as applicable; or (ii) operates to prevent, suspend, hinder, delay, restrict or otherwise materially adversely affect the transactions contemplated by the Final Prospectus or the Material Agreements or any of them;

(b) there occurs any material change (actual, imminent or reasonably expected) in the business, affairs, operations, assets, liabilities (contingent or otherwise), capital or ownership of the Corporation, Atlantic Holdings or any of the Project Holding Group Entities or Project Operating Entities, howsoever caused, or there should be discovered any previously undisclosed material fact (other than a material fact related solely to any of the Underwriters) or there should occur a change (other than a change related solely to any of the Underwriters) in a material fact contained in the Final Prospectus, in each case which, in the opinion of that Underwriter, could reasonably be expected to result in the purchasers of a material number of the Offered Securities exercising their right under Securities Laws to withdraw from or rescind their purchase thereof or sue for damages in respect thereof or which has or could reasonably be expected to have a significant adverse effect on the market price or value of the Initial IPSs or Over-Allotment IPSs, as applicable;

(c) the state of the Canadian or U.S. financial markets is such that the Initial IPSs or the Over-Allotment IPSs, as the case may be, cannot, in the reasonable opinion of that Underwriter, be profitably marketed;

(d) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence, including any act of terrorism, war or like event, or any governmental action, law, regulation, inquiry or other occurrence of any nature which, in the reasonable opinion of such Underwriter, materially adversely affects or may materially affect the financial markets in Canada or the United States or the business, operations or affairs of the Corporation, Atlantic Holdings, any of the Project Holding Group Entities and/or any of the Project Operating Entities, or the marketability of the Initial IPSs or Over-Allotment IPSs, as the case may be; or

(e) there is announced any change or proposed change in the Tax Act or U.S. Tax Code or any other tax laws of Canada or the United States or any other jurisdiction and such change would, in the opinion of the Underwriter, acting reasonably, be expected to have a significant adverse effect on the market price, value or marketability of the Initial IPSs or Over-Allotment IPSs, as the case may be.

15.2 All terms and conditions in this Agreement shall be construed as conditions, and any breach of or failure to comply with any such terms or conditions which in the reasonable opinion of any of the Underwriters adversely affects the sale or distribution by it of the Offered Securities shall entitle each Underwriter at any time prior to the Closing Time, or if the Over-Allotment Option is exercised, the Over-Allotment Closing Time, to terminate its obligations under this Agreement forthwith by written notice to that effect given to the Corporation. It is understood that the Underwriters or any of them may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriters or any of them in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriters any such waiver or extension must be in writing.

15.3 In the event of any termination of the Underwriters' obligations under this Agreement by one of the Underwriters, the other Underwriters shall be deemed contemporaneously to have terminated their obligations under this Agreement unless the other Underwriters or any of them shall, within 24 hours after notice of termination is given, notify the Corporation that they are assuming the obligations of the Underwriter terminating its obligations. Any termination by any of the Underwriters pursuant to the provisions of this Agreement shall be effected by notice delivered to the Corporation. The rights of termination contained in this Article 15 are in addition to any other rights or remedies the Underwriters may have in respect of any default, misrepresentation, act or failure to act of the Corporation, Atlantic Holdings or the Existing Investors in respect of any matters contemplated by this Agreement. In the event of any such termination, there shall be no further liability on the part of the Corporation, Atlantic Holdings, the Existing Investors or the Underwriters except for any liability provided for in Article 16 and Section 17.2.

16. **Indemnification**

16.1 Subject to the terms of this Article 16, the Corporation and Atlantic Holdings will, jointly and severally, and each Existing Investor will, severally and not jointly or jointly and severally, on the basis provided herein, protect, hold harmless and indemnify each of the Underwriters and their respective affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "Indemnified Parties" and individually an "Indemnified Party") from and against all losses (other than losses of profit in connection with the distribution of the Offered Securities), claims, actions, damages, liabilities, costs and expenses, including, without limitation, all amounts paid to settle actions, suits, proceedings, investigations or claims or satisfy judgments or awards and all reasonable costs, charges and expenses, as incurred, which any of them may pay or incur with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, a "Claim"), including the fees and expenses of legal counsel on a solicitor and own client basis, to which any Indemnified Party may become subject or otherwise involved, in any capacity insofar as Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the transactions contemplated in this Agreement including, without limitation:

(a) any breach of or default under any representation, warranty, covenant or agreement of the Corporation, Atlantic Holdings or, in the case of an Existing Investor, the relevant Existing Investor (and not of any other Existing Investor), in this Agreement or any other document to be delivered pursuant hereto or the failure of the Corporation, Atlantic Holdings or, in the case of an Existing Investor, the relevant Existing Investor (and not of any other Existing Investor), to comply with any of its obligations hereunder;

(b) in the case of the Corporation and Atlantic Holdings, any Offering Document, or any information or statement (except any information or statement relating solely to the Underwriters, or any of them, provided by the Underwriters) contained in any of the Offering Documents being or being alleged to contain or be a misrepresentation or untrue or any omission or alleged omission to state in those documents any material fact (except facts relating solely to the Underwriters or any of them, provided by the Underwriters) required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;

(c) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority or stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating to the Underwriters, or any of them, provided by the Underwriters) contained in any of the Offering Documents; or

(d) the Corporation, Atlantic Holdings, or in the case of an Existing Investor, the relevant Existing Investor (and not any other Existing Investor) not complying with any requirement of any applicable securities laws relating to the Offering or the transactions contemplated hereby.

16.2 This indemnity will be in addition to any liability which the Corporation, Atlantic Holdings or the Existing Investors may otherwise have.

16.3 The aggregate obligation of each Existing Investor pursuant to the indemnification provisions set forth in Section 16.1 shall in no event exceed an amount equal to the value at the Closing Time of the consideration such Existing Investor receives on the Closing Date (consisting of cash and the Existing Investor Interests) for the sale of the applicable Project Holding Entity to Atlantic Holdings.

16.4 If any Claim contemplated by this Article 16 is asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this Article 16 comes to the knowledge of any of the Indemnified Parties, the Indemnified Party concerned will notify in writing the Corporation, Atlantic Holdings and the Existing Investors, as applicable, as soon as reasonably practicable, of the nature of the Claim (provided that any failure to so notify in respect of any potential Claim will not affect the liability of the indemnifying parties under this Article 16 (the “Indemnifying Parties”) except to the extent that any failure to so notify in respect of any actual Claim materially increases the liability of the Indemnifying Parties under this Article 16).

16.5 The Indemnifying Parties will, subject to the following, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any suit brought to enforce a Claim; provided that the defence will be through legal counsel selected by the Indemnifying Party and acceptable to the Indemnified Party, acting reasonably, and no admission of liability will be made by the Indemnifying Party or the Indemnified Party without, in each case, the prior written consent of all the Indemnified Parties affected and the Indemnifying Party, in each case, which consent will not be unreasonably withheld. An Indemnified Party will have the right to employ separate counsel in any such suit and participate in the defence thereof but the fees and expenses of that counsel will be at the expense of the Indemnified Party unless:

(a) the Indemnifying Parties fail to assume the defence of the suit on behalf of the Indemnified Party within ten days of receiving notice of the suit;

(b) the employment of that counsel has been authorized by an Indemnifying Party; or

(c) the named parties to the suit (including any added or third parties) include the Indemnified Party and one or more Indemnifying Parties, and the Indemnified Party has been advised in writing by counsel that there are legal defences available to the Indemnified Parties that are different or in addition to those available to the Indemnifying Parties or that representation of the Indemnified Party by counsel for the Indemnifying Parties is inappropriate as a result of the potential or actual conflicting interests of those represented;

(in each of the cases set out in Sections 16.5(a), (b) or (c) the Indemnifying Party will not have the right to assume the defence of the suit on behalf of the Indemnified Party, but the Indemnifying Parties will be liable to pay the reasonable fees and expenses of separate counsel for all Indemnified Parties and, in addition, of local counsel in each applicable jurisdiction on a solicitor and own client basis). Notwithstanding the foregoing, no settlement may be made by an Indemnified Party without the prior written consent of the Indemnifying Parties, which consent will not be unreasonably withheld.

16.6 The rights of indemnity contained in this Article 16 will not inure to the benefit of the Underwriters if the Corporation has complied with the provisions of Articles 4, 5 and 12 and the Person asserting any Claim contemplated by this Article 16 was not provided with a copy of any Final Prospectus or Supplemental Material which corrects any untrue statement or information, misrepresentation (for the purposes of Securities Laws or any of them) or omission which is the basis of the Claim and which is required under Securities Laws to be delivered to that Person by the Underwriters or members of their banking or selling group (if any).

16.7 The Indemnifying Parties hereby acknowledge and agree that, with respect to this Article 16, the Underwriters are contracting on their own behalf and as agents for their affiliates, directors, officers, employees and agents and their respective affiliates, directors, officers, employees and agents (collectively, the "Beneficiaries"). In this regard, each of the Underwriters will act as trustee for the Beneficiaries of the covenants of the Indemnifying Parties under this Article 16 with respect to the Beneficiaries and accepts these trusts and will hold and enforce those covenants on behalf of the Beneficiaries.

16.8 None of the Corporation, Atlantic Holdings nor any Existing Investor nor any Underwriter will, without each of the other's prior written consent, settle, compromise, consent to the entry of any judgement in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes a release of each Indemnified Party from any liabilities arising out of such action, suit, proceeding, investigation or claim.

16.9 In order to provide for just and equitable contribution in circumstances in which an indemnity provided in this Article 16 in respect of a Claim would otherwise be available in accordance with its terms but is, for any reason not solely attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, or is insufficient to hold any Indemnified Party harmless, an Indemnifying Party will contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party, on the one hand, and the Indemnified Party, on the other hand, but also the relative fault of the Indemnifying Party and the Indemnified Party as well as any relevant equitable considerations; provided that in no event will an Indemnified Party be liable to pay or contribute an amount in excess of the aggregate amount of the fees actually received by the Indemnified Party under this Agreement.

16.10 In the event and to the extent that a court of competent jurisdiction, in a final judgement from which no appeal can be made, shall determine that a Claim resulted from the fraud, fraudulent misrepresentation, gross negligence or wilful misconduct of the Indemnified Party, such Indemnified Party shall not be entitled to claim indemnification under this Article 16 or contribution under Section 16.9 for such Claim from any Person that has not engaged in such fraud, fraudulent misrepresentation, gross negligence or wilful misconduct.

16.11 For greater certainty, the Indemnifying Parties will not have any obligation to contribute pursuant to Section 16.9 in respect of any Claim except to the extent the indemnity given by it in this Article 16 would have been applicable to that Claim in accordance with its terms, had that indemnity been found to be enforceable and available to the Indemnified Parties.

16.12 The rights to contribution provided in this article will be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law provided that Sections 16.9 and 16.11 will apply, *mutatis mutandis*, in respect of that other right.

16.13 If any Claim is brought in connection with the transactions contemplated by this Agreement and any of the Underwriters is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, it will have the right, acting reasonably, to employ its own counsel in connection therewith, and the fees and disbursements of such counsel in connection therewith as well as its reasonable fees at the normal per diem rate for its directors, officers, employees and agents involved in preparation for and attendance at such proceedings or in so responding and any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Corporation as they are incurred.

16.14 The obligations under this Article 16 shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

17. <u>**Fees and Expenses**</u>

17.1 In consideration of the agreement of the Underwriters to purchase the Initial IPSs and, if applicable, the Over-Allotment IPSs and to offer them to the public pursuant to the Final Prospectus, and for providing the following services: acting as financial advisers to the Corporation; assisting in the preparation of the Preliminary Prospectus, the Final Prospectus, and any Supplemental Material; and distributing the Initial IPSs and, if applicable, the Over-

Allotment IPSs to the public both directly and through other registered dealers and brokers, the Corporation agrees to pay to the Underwriters:

(a) at the Closing Time, an aggregate fee of Cdn$16,800,000 being a fee equal to 5.25% of the aggregate purchase price for the Initial IPSs, or Cdn$0.525 per Initial IPS; and

(b) at the Over-Allotment Closing Time, a fee of Cdn$0.525 per Over-Allotment IPS for each Over-Allotment IPS sold.

17.2 Whether or not the purchase and sale of the Initial IPSs or Over-Allotment IPSs is completed, all expenses of or incidental to the creation, issuance and delivery of the Offered Securities and of or incidental to all matters in connection with the transactions set out in this Agreement will be borne by the Corporation (or by the Existing Investors if the issuance and sale of the Offered Securities does not close) including, without limitation:

(a) expenses payable in connection with the qualification for distribution of the Offered Securities under applicable Securities Laws;

(b) the fees, expenses and disbursements of the Auditors, independent experts, counsel to the Corporation, Atlantic Holdings and the Existing Investors and all related local counsel;

(c) the reasonable fees and expenses of the Underwriters' Canadian and U.S. counsel;

(d) all costs incurred in connection with the preparation, translation, filing and printing of the Preliminary Prospectus, the "green sheet", the Final Prospectus, the U.S. Placement Memorandum, any Supplemental Material, documents in connection with sales of the IPSs in the U.S., and any IPS certification costs;

(e) all fees and expenses of the Trust Company and the Indenture Trustee; and

(f) the reasonable out-of-pocket expenses of the Underwriters including, without limitation, all expenses associated with the "road shows" and marketing activities and all travel and lodging expenses;

including Canadian federal goods and services tax and provincial sales tax exigible in respect of any of the foregoing. The Corporation (and the Existing Investors if the issuance and sale of the Offered Securities does not close) will reimburse the Underwriters from time to time for all such expenses forthwith upon the Underwriters' written request or requests.

18. **<u>Closing</u>**

18.1 The closing of the purchase and sale of the Initial IPSs will be completed at the Closing Time at the offices of Goodmans LLP, 250 Yonge Street, Suite 2400, Toronto, Ontario, M5B 2M6, or at any other place determined in writing by the Corporation, the Existing Investors and the Underwriters. At the Closing Time, the Corporation will duly and validly deliver to BMONB, on behalf of the Underwriters:

(a) one or more global certificates representing the Initial IPSs registered in the name of "CDS & Co." and the Component Securities in the name of Computershare Investor Services Inc., in trust for The Canadian Depository for Securities Limited or in such other name or names as the Underwriters may notify the Corporation in writing not less than 48 hours prior to the Closing Time; and

(b) all further documentation as may be contemplated in this Agreement or as counsel to the Underwriters may reasonably require;

against payment by the Underwriters to or to the direction of the Corporation, by wire transfer or bank transfer in immediately available funds, of the purchase price for the Initial IPSs being issued and sold by the Underwriters under this Agreement less (i) the underwriting fee respecting the Initial IPSs as described in Section 17.1, and (ii) any reimbursable expenses payable by the Corporation to the Underwriters for which written request has been provided by the Underwriters to the Corporation pursuant to Section 17.2.

18.2 The closing of the purchase and sale of the Over-Allotment IPSs will be completed at the Over-Allotment Closing Time at the offices of Goodmans LLP, 250 Yonge Street, Suite 2400, Toronto, Ontario, M5B 2M6, or at any other place determined in writing by the Corporation, the Existing Investors and the Underwriters. At the Over-Allotment Closing Time, the Corporation will duly and validly deliver to BMONB, on behalf of the Underwriters:

(a) one or more global certificates representing the Over-Allotment IPSs registered in the name of "CDS & Co." and the Component Securities in the name of Computershare Investor Services Inc., in trust for The Canadian Depository for Securities Limited or in such other name or names as the Underwriters may notify the Corporation in writing not less than 48 hours prior to the Over-Allotment Closing Time; and

(b) all further documentation as may be contemplated in this Agreement or as counsel to the Underwriters may reasonably require;

against payment by the Underwriters to or to the direction of the Corporation, by wire transfer or bank transfer in immediately available funds, of the purchase price for the Over-Allotment IPSs being issued and sold by the Underwriters under this Agreement less (i) the Underwriting Fee respecting the Over-Allotment IPSs as described in Section 17.1, and (ii) any reimbursable expenses payable by the Corporation to the Underwriters for which written request has been provided by the Underwriters to the Corporation pursuant to Section 17.2.

19. **Restrictions on Further Issues or Sales**

19.1 During the period commencing the date of this Agreement and ending on the day which is 180 days following the Closing Date, the Corporation will not, directly or indirectly, without the prior written consent of BMONB (which consent will not be unreasonably withheld), issue, offer, sell, contract to sell, grant any option to purchase, transfer, assign or otherwise dispose of any IPSs, Common Shares or Subordinated Notes or any other securities of the Corporation or announce any intention to effect the foregoing, other than the Offered Securities and the Separate Subordinated Notes.

19.2 During the period commencing the date of this Agreement and ending on the day which is 180 days following the Closing Date each Existing Investor will not, directly or indirectly, without the prior written consent of BMONB (which consent will not be unreasonably withheld), (i) exercise the liquidity rights applicable to its Existing Investor Interests under the Operating Agreement or (ii) sell, contract to sell, grant any option to purchase, transfer, assign or otherwise dispose of any IPSs, Common Shares, Subordinated Notes or other securities of the Corporation held by it or any of its Existing Investor Interest, except in connection with the due exercise of the Over-Allotment Option.

20. **Obligations of the Underwriters to Purchase the Offered Securities**

20.1 Subject to the terms and conditions of this Agreement, the obligation of the Underwriters to purchase the Initial IPSs and the Over-Allotment IPSs (if the Over-Allotment Option is exercised) will be several and not joint. The percentage of the Initial IPSs and Over-Allotment IPSs, as applicable, to be severally purchased and paid for by each of the Underwriters will be as follows:

BMO Nesbitt Burns Inc.	24%
CIBC World Markets Inc.	14%
RBC Dominion Securities Inc.	14%
Scotia Capital Inc.	12%
National Bank Financial Inc.	10%
TD Securities Inc.	10%
Canaccord Capital Corporation	4%
Desjardins Securities Inc.	2%
Dundee Securities Corporation	2%
First Associates Investments Inc.	2%
HSBC Securities (Canada) Inc.	2%
Lehman Brothers Inc.	2%
Raymond James Ltd.	2%

If an Underwriter (a "Refusing Underwriter") does not complete the purchase and sale of the Initial IPSs or the Over-Allotment IPSs, as applicable, which that Underwriter has agreed to purchase under this Agreement (other than in accordance with Article 15) (the "Defaulted IPSs"), BMONB may delay the Closing Date for not more than five days and the remaining Underwriters (the "Continuing Underwriters") will be entitled, at their option, to purchase all but not less than all of the Defaulted IPSs pro rata according to the number of Initial IPSs or Over-Allotment IPSs to have been acquired by the Continuing Underwriters under this Agreement or in any proportion agreed upon, in writing, by the Continuing Underwriters. If no such arrangement has been made, and the number of Defaulted IPSs to be purchased by the Refusing Underwriter(s) does not exceed 10% of the Initial IPSs or Over-Allotment IPSs, as applicable, the Continuing Underwriters will be obligated to purchase the Defaulted IPSs on the terms set out in this Agreement in proportion to their obligations under this Agreement or in any other proportion agreed upon by the Continuing Underwriters. If the number of Defaulted IPSs to be purchased by the Refusing Underwriters exceeds 10% of the Initial IPSs or Over-Allotment as applicable, the Continuing Underwriters will not be obliged to purchase the Defaulted IPSs and, if the Continuing Underwriters do not elect to purchase the Defaulted IPSs:

(a) the Continuing Underwriters will not be obliged to purchase any of the Offered Securities;

(b) the Corporation will not be obliged to sell less than all of the Initial IPSs or the Over-Allotment IPSs, as applicable; and

(c) the parties to this Agreement other than the Underwriters will be entitled to terminate their obligations under this Agreement arising from their acceptance of this offer, in which event there will be no further liability on the part of the parties to this Agreement other than the Underwriters, or the Continuing Underwriters, except pursuant to the provisions of Articles 16 and 17.

21. **Stabilization.**

21.1 In connection with the distribution of the Offered Securities, the Underwriters and any Selling Firm may over-allot or effect transactions which stabilize or maintain the market price of the Offered Securities at levels above those which might otherwise prevail in the open market in compliance with Securities Laws. Such stabilizing transactions, if any, may be discontinued at any time.

22. **Notice**

Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be delivered to:

(a) in the case of the Corporation, Atlantic Holdings and the Existing Investors:

Corporation

Atlantic Power Corporation
c/o Goodmans LLP
250 Yonge Street
Toronto, ON
M5B 2M6

Attention: Stephen Pincus
Facsimile No.: (416) 597-4104

Atlantic Holdings

Atlantic Power Holdings, LLC
200 Clarendon Street
55th Floor
Boston, MA 02117

Attention: Barry Welch
Facsimile No.: (617) 531-6370

Teton Power Holdings, LLC

Teton Power Holdings, LLC
200 Clarendon Street
55th Floor
Boston, MA 02117

Attention: Carter Ward
Facsimile No.: (617) 867-4689

Epsilon Power Holdings, LLC

Epsilon Power Holdings, LLC
200 Clarendon Street
55th Floor
Boston, MA 02117

Attention:	Carter Ward
Facsimile No.:	(617) 867-4689

Umatilla Power Holdings, LLC

Umatilla Power Holdings, LLC
200 Clarendon Street
55th Floor
Boston, MA 02117

Attention:	Carter Ward
Facsimile No.:	(617) 867-4689

each with a copy to:

Goodmans LLP
250 Yonge Street
Toronto, ON M51 32M6

Attention:	Stephen Pincus
Facsimile No.:	(416) 597-4104

(b) in the case of the Underwriters:

BMO Nesbitt Burns Inc.
1 First Canadian Place
4th Floor
Toronto, ON
M5X 1H3

Attention:	James A. Tower
Facsimile No.:	(416) 359-4880

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street
P.O. Box 25
Commerce Court West
Toronto, ON
M5L 1A9

Attention:	Jeffrey R. Lloyd
Facsimile:	(416) 863-2653

The parties may change their respective addresses for notices by notice given in the manner set out above. Any notice or other communication will be in writing, and unless delivered personally to the addressee or to a responsible officer of the addressee, as applicable, will be given by telecopy and will be deemed to have been given when (i) in the case of a notice delivered personally to a responsible officer of the addressee, when so delivered; and (ii) in the case of a notice delivered or given by telecopy, on the first business day following the day on which it is sent.

23. **Representative of Underwriters**

Except with respect to Articles 15 and 16 and the entitlement of Continuing Underwriters to purchase Defaulted IPSs under Section 20.1 all transactions and notices on behalf of the Underwriters under this Agreement or contemplated by this Agreement may be carried out or given on behalf of the Underwriters by BMONB and BMONB will in good faith discuss with the other Underwriters the nature of any of such transactions and notices prior to giving effect to them or the delivery of them, as the case may be.

24. **Time of Essence**

Time will be of the essence of this Agreement and, following any waiver or indulgence by any party, time will again be of the essence of this Agreement.

25. **Representations, Warranties and Agreements Surviving Closing**

All representations, warranties, covenants and agreements of the Corporation, Atlantic Holdings and the Existing Investors herein contained or contained in any certificate of the Corporation, Atlantic Holdings or an Existing Investor delivered pursuant to this Agreement shall survive the purchase and sale of the Offered Securities and completion of the transactions provided for herein and shall continue in full force and effect for the benefit of the Underwriters, as follows:

(a) the representations and warranties of the Corporation and Atlantic Holdings set out in Sections 11.1 and 11.2 hereof shall survive for a period of 36 months from the Closing Date or, if the Over-Allotment Option is exercised, the Over-Allotment Closing Date;

(b) the representations and warranties of the Existing Investors set out in Section 11.2 shall survive for a period of 18 months from the Closing Date or, if the Over-Allotment Option is exercised, the Over-Allotment Closing Date; and

(c) the representations and warranties set out in Section 11.3 shall survive for the respective periods provided for each particular representation and warranty in the applicable Acquisition Agreement,

in each case regardless of any subsequent disposition of the Offered Securities or any investigation by or on behalf of the Underwriters with respect thereto.

26. **Miscellaneous**

26.1 This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

26.2 Each of the parties to this Agreement will be entitled to rely on delivery of a facsimile or electronic copy of this Agreement and acceptance by each party of any such facsimile or electronic copy will be legally effective to create a valid and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.

26.3 This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement.

26.4 To the extent permitted by applicable law, the invalidity or unenforceability of any particular provision of this Agreement will not affect or limit the validity or enforceability of the remaining provisions of this Agreement.

26.5 This Agreement and the other documents referred to in this Agreement constitute the entire agreement between the parties hereto relating to the subject matter of this Agreement and supersede all prior agreements between those parties with respect to their respective rights and obligations in respect of the transactions contemplated under this Agreement.

26.6 The terms and provisions of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that, except as otherwise provided in this Agreement, this Agreement will not be assignable by any party without the written consent of the others and any purported assignment without that consent will be invalid and of no force and effect.

26.7 In the event that any party to this Agreement commences any litigation, proceeding or other legal action in connection with or relating to this Agreement or any matters contemplated hereby or thereby, each party to this Agreement hereby (a) agrees that any such litigation, proceeding or other legal action may be brought in a court of competent jurisdiction located within Toronto, Ontario, Canada, (b) agrees that in connection with any such litigation, proceeding or action, such party will consent and submit to personal jurisdiction in any such court described in clause (a) of this Section 26.7 and to service of process upon it in accordance with the rules and statutes governing service of process, (c) agrees to waive to the full extent permitted by applicable law any objection that it may now or hereafter have to the venue of any such litigation, proceeding or action in any such court or that any such litigation, proceeding or action was brought in an inconvenient forum, (d) agrees as an alternative method of service to service of process in any such litigation, proceeding or action by mailing of copies thereof to such party at its address set forth in Article 22, (e) agrees that any service made as provided herein shall be effective and binding service in every respect, and (f) agrees that nothing herein shall affect the rights of any party to effect service of process in any other manner permitted by applicable law.

If this letter accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this letter where indicated and returning them to us.

Yours very truly,

BMO NESBITT BURNS INC.

By: *"James A. Tower"*
(Authorized Signatory)

CIBC WORLD MARKETS INC.

By: *"Ronald D. Munkley"*
(Authorized Signatory)

RBC DOMINION SECURITIES INC.

By: *"David Dal Bello"*
(Authorized Signatory)

SCOTIA CAPITAL INC.

By: *"Thomas I. Kurfurst"*
(Authorized Signatory)

NATIONAL BANK FINANCIAL INC.

By: *"Bill Wasson"*
(Authorized Signatory)

TD SECURITIES INC.

By: *"Harold R. Holloway"*
(Authorized Signatory)

CANACCORD CAPITAL CORPORATION

By: *"Ronald A. Rimer"*
(Authorized Signatory)

DESJARDINS SECURITIES INC.

By: *"Jeffrey F. Olin"*
(Authorized Signatory)

DUNDEE SECURITIES CORPORATION

By: *"David G. Anderson"*
(Authorized Signatory)

FIRST ASSOCIATES INVESTMENTS INC.

By: *"A.G. Rhind"*
(Authorized Signatory)

HSBC SECURITIES (CANADA) INC.

By: *"Rod A. McIsaac"*
(Authorized Signatory)

LEHMAN BROTHERS INC.

By: *"Frank A. Napolitano"*
(Authorized Signatory)

RAYMOND JAMES LTD.

By: *"Graham Fell"*
(Authorized Signatory)

Accepted and agreed to by the undersigned as of the date of this letter first written above.

ATLANTIC POWER CORPORATION,
By its Manager, ATLANTIC POWER MANAGEMENT, LLC

By: *"Barry Welch"*

ATLANTIC POWER HOLDINGS, LLC,
By its Manager, ATLANTIC POWER MANAGEMENT, LLC

By: *"Barry Welch"*

TETON POWER HOLDINGS, LLC

By: *"Daniel Revers"*

EPSILON POWER HOLDINGS, LLC

By: *“Daniel Revers”*

UMATILLA POWER HOLDINGS, LLC

By: *“Daniel Revers”*

SCHEDULE I

GUARANTOR SUBSIDIARIES

Badger Power Generation I LLC
Badger Power Generation II LLC
Baker Lake Hydro LLC
Dade Investment, LP
Geddes Cogeneration LLC/Onondaga Cogeneration LP
Geddes II LLC
Lake Investment, LP
MEP Rumford, LLC
NCP Dade Power LLC
NCP Houston Power LLC
NCP Lake Power, LLC
NCP Pasco, LLC
NCP Perry LLC
Olympia Hydro LLC
Orlando Power Generation I LLC
Orlando Power Generation II LLC
Stockton CoGen (II), LLC
Teton East Coast Generation, LLC
Teton Fuels Mid-Georgia, LLC
Teton Operating Services
Teton Selkirk, LLC
Umatilla Groves, LLC

ANNEX A
TO
UNDERWRITING AGREEMENT

U.S. Selling Restrictions

As used in this Annex A, the following terms have the following meanings:

"Directed Selling Efforts" means "directed selling efforts" as defined in Regulation S and, without limiting the foregoing, but for greater clarity in this agreement, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Securities, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Securities;

"Foreign Issuer" means a foreign issuer as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this agreement, it means any issuer that is (a) the government of any country, or of any political subdivision of a country, other than the United States; or (b) a corporation or other organization incorporated under the laws of any country other than the United States, except an issuer meeting the following conditions: (1) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;

"General Solicitation" and "General Advertising" means "general solicitation" and "general advertising", respectively, as used in Rule 502(c) of Regulation D, including, without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

"Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A;

"Regulation D" means Regulation D under the U.S. Securities Act;

"Regulation S" means Regulation S under the U.S. Securities Act;

"Rule 144A" means Rule 144A under the U.S. Securities Act;

"SEC" means the United States Securities and Exchange Commission;

"Securities" means collectively (a) 32,000,000 Income Participating Securities, representing 32,000,000 common shares in the capital of the Corporation ("Common Shares") and Cdn$184,544,000 aggregate principal amount of the Corporation's 11% Subordinated Notes due 2016 ("Notes"); and (b) up to an additional 4,800,000 Income Participating Securities, representing 4,800,000 Common Shares and Cdn$27,681,600 aggregate principal amount of Notes issuable pursuant to the Over-Allotment Option;

"Substantial U.S. Market Interest" means "substantial U.S. market interest" as that term is defined in Regulation S;

"U.S. Exchange Act" means the United States Securities Exchange Act of 1934, as amended;

"U.S. Placement Memorandum" means the Final Prospectus supplemented with wrap pages dated the date of this Agreement describing, *inter alia*, restrictions imposed under the U.S. Securities Act;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended; and

"U.S. Securities Laws" means the U.S. Securities Act, the U.S. Exchange Act, all rules and regulations promulgated thereunder, and any state securities laws.

1. The Underwriters may offer and sell the Securities within the United States only on the terms and subject to the conditions of this Annex A. In connection therewith, each of the Corporation, Atlantic Holdings and each Existing Investor jointly and severally represents, warrants and covenants that:

    (a) the Corporation is a Foreign Issuer and reasonably believes there is no Substantial U.S. Market Interest with respect to the Securities;

    (b) none of the Corporation, Atlantic Holdings, each Existing Investor, their affiliates or any Person acting on its or their behalf (other than the Underwriters, U.S. affiliates of the Underwriters ("U.S. Affiliates"), or any members of the banking and selling group formed by them (collectively, the "Selling Firms"), as to whom the Corporation, Atlantic Holdings and the Existing Investors make no representation), has engaged or will engage in any Directed Selling Efforts in the United States with respect to the Securities, or has taken or will take any action (including sale of securities into the United States) that would cause the exemption afforded by Rule 144A or Regulation S to be unavailable for offers and sales of the Securities pursuant to this agreement;

    (c) the Corporation is not, and as a result of the sale of the Securities will not be, required to register as an "investment company" pursuant to the provisions of the United States Investment Company Act of 1940, as amended;

    (d) none of the Corporation, Atlantic Holdings, each Existing Investor, their affiliates or any Person acting on its or their behalf (other than the Underwriters, U.S. Affiliates, or any members of the Selling Firms, as to whom the Corporation, Atlantic Holdings and the Existing Investors make no representation), has engaged in any form of General Solicitation or General Advertising in connection with any offer or sale of the Securities or any security convertible or exchangeable into Securities in the United States within the six month period prior to the date of this agreement;

    (e) so long as any of the Securities are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Corporation will, unless it becomes subject to and complies with the reporting requirements of section 13 or section 15(d) of the U.S. Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, provide to any holder of those restricted securities, or to any prospective purchaser of those restricted securities designated by a holder, upon the request of that holder or prospective purchaser, at or prior to the time of sale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act (so long as that requirement is necessary in order to permit holders of the restricted securities to effect resales under Rule 144A) to a Qualified Institutional Buyer which is a holder of the restricted securities;

    (f) none of the Corporation, Atlantic Holdings, each Existing Investor or their affiliates: (i) will take any action that would cause the registration exemptions in Regulation S, Rule 144A or Rule 506 of Regulation D to be unavailable for the offer and sale of Securities pursuant to this agreement, or (ii) has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminary or permanently enjoining that Person for failure to comply with Rule 503 of Regulation D;

(g) the Securities are not, and as of the Closing Time (and if the Over-Allotment Option is exercised, as of the Over-Allotment Closing Time) the Securities will not be, and no securities of the same class as the Securities are or will be, (i) listed on a national securities exchange in the United States registered under section 6 of the U.S. Exchange Act, (ii) quoted in an "automated inter-dealer quotation system", as such term is used in the U.S. Exchange Act, or (iii) convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) of less than ten percent for securities so listed or quoted; and

(h) the Corporation will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable blue sky laws.

2. Each Underwriter acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and may be offered and sold solely in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act or applicable state securities laws. In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of the Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A. Accordingly, each Underwriter separately and not jointly represents, warrants and covenants that:

(a) it has not offered or sold, and will not offer or sell, any of the Securities constituting part of its allotment except in accordance with Regulation S or Rule 144A;

(b) it has not entered and will not enter into any contractual arrangement with respect to the distribution of the Securities, except with its U.S. Affiliates and other Selling Firms or with the prior written consent of the Corporation; and

(c) it shall use its reasonable efforts to ensure that each Selling Firm complies with the provisions of Sections 2(a) and (b), 3 and 4 hereof as if such provisions applied to such Selling Firm.

3. Each Underwriter separately and not jointly covenants to and agrees with the Corporation that:

(a) any Securities sold in the United States will be first purchased by the Underwriters or affiliates thereof and resold in the United States in accordance with the provisions of this agreement;

(b) all offers and sales of the Securities in the United States will be effected through a U.S. Affiliate duly registered under the U.S. Exchange Act and applicable state securities laws in accordance with all applicable United States and state securities law broker-dealer requirements;

(c) its U.S. Affiliate is a Qualified Institutional Buyer;

(d) it will not, either directly or through its U.S. Affiliate, solicit offers for, or offer to sell, the Securities in the United States by means of any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act and neither it nor its U.S. Affiliate, nor any Persons acting on its or their behalf have engaged or will engage in any Directed Selling Efforts with respect to the Securities or have taken or will take any action that would cause the exemption afforded by

Rule 144A or Regulation S to be unavailable for offers and sales of the Securities pursuant to this agreement;

(e) it will solicit, and will cause its U.S. Affiliate to solicit, offers for the Securities in the United States only from, and will offer the Securities only to, Persons it reasonably believes to be Qualified Institutional Buyers in accordance with Rule 144A. It also agrees that it will solicit offers for the Securities only from, and will offer the Securities only to, Persons that in purchasing such Securities will be deemed to have represented and agreed as provided in Section 4 below (to the extent such representations are applicable to the purchaser concerned);

(f) it will inform, and cause its U.S. Affiliate to inform, all purchasers of the Securities in the United States that the Securities have not been and will not be registered under the U.S. Securities Act and are being sold to them without registration under the U.S. Securities Act in reliance on Rule 144A;

(g) it will deliver, or cause to be delivered, a copy of the U.S. Placement Memorandum to each Person in the United States purchasing Securities from it;

(h) it shall cause its U.S. Affiliate, at the request of the Corporation, to agree, for the benefit of the Corporation, to the same provisions as are contained in Sections 2(a) and (b), 3 and 4 hereof;

(i) at least one business day prior to closing of the Offering, it shall request BMONB to provide the Trust Company with a list of all purchasers of the Securities in the United States; and

(j) at the Closing Time it, together with its U.S. Affiliate selling Securities in the United States, will provide a certificate, substantially in the form of Exhibit I hereto.

4. It is understood and agreed by the Underwriters that the Securities may be offered and resold by the Underwriters, their U.S. Affiliates and Selling Firms in the United States pursuant to the provisions of Rule 144A to Persons who are, or are reasonably believed by them to be, Qualified Institutional Buyers in transactions meeting the requirements of Rule 144A and in compliance with any applicable U.S. Securities Laws, provided that by purchasing Securities, each U.S. purchaser will, by its purchase of the Securities, be deemed to have represented, warranted to and agreed for the benefit of the Corporation, the Underwriters and the U.S. Affiliates as follows:

(a) it is authorized to consummate the purchase of the Securities;

(b) it understands and acknowledges that the Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and that the offer and sale of Securities to it are being made in reliance upon Rule 144A;

(c) it is a Qualified Institutional Buyer and is acquiring the Securities for its own account or for the account of one or more Qualified Institutional Buyers with respect to which it exercises sole investment discretion and not with a view to any resale, distribution or other disposition of the Securities in violation of U.S. Securities Laws;

(d) it acknowledges that it has not purchased the Securities as a result of any General Solicitation or General Advertising;

(e) it understands and acknowledges that the Securities are “restricted securities” within the meaning of Rule 144, and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Securities, the Securities may be offered, sold, pledged or otherwise transferred only (a) to the Corporation; (b) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable Canadian local laws and regulations; (c) within the United States, in accordance with (i) Rule 144A to a person the seller reasonably believes is a Qualified Institutional Buyer that is purchasing for its own account or for the account of one or more Qualified Institutional Buyers and to whom notice is given that the offer, sale, pledge or transfer is being made in reliance upon Rule 144A, or (ii) Rule 144, if available, and in compliance with any applicable state securities laws of the United States; or (d) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws of the United States, after (A) in the case of proposed transfers pursuant to (b) above, providing a declaration to Computershare Investor Services Inc., as transfer agent for the Securities, in the form attached hereto as Exhibit II (or such other form as the Corporation may prescribe from time to time), and (B) in the case of proposed transfers pursuant to (c)(ii) or (d) above, providing to Computershare Investor Services Inc., as transfer agent for the Securities, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, to the effect that the proposed transfer may be effected without registration under the U.S. Securities Act;

(f) it is relying on the information contained in the U.S. Placement Memorandum and the accompanying Final Prospectus in making its investment decision with respect to the Securities; it acknowledges that no representation or warranty is made by the Underwriters or the U.S. Affiliates as to the accuracy or completeness of such materials; it further acknowledges that none of the Corporation, the Underwriters or the U.S. Affiliates has made any representation or given any information to it with respect to the Corporation or the offering or sale of any Securities other than the information contained in the U.S. Placement Memorandum and the accompanying Final Prospectus;

(g) it understands and acknowledges that the global certificate representing any Securities sold in the United States registered to CDS or its nominee will bear the following legend until the legend is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF ATLANTIC POWER CORPORATION THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO ATLANTIC POWER CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE RULE 904 OF REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH (1) RULE 144A UNDER THE SECURITIES ACT, OR (2) RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, OR (D) ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION SATISFACTORY TO ATLANTIC POWER CORPORATION MUST FIRST BE PROVIDED.

IF ATLANTIC POWER CORPORATION IS A "FOREIGN ISSUER" WITHIN THE MEANING OF REGULATION S AT THE TIME OF TRANSFER, A NEW CERTIFICATE, BEARING NO LEGEND, MAY BE OBTAINED FROM

COMPUTERSHARE INVESTOR SERVICES INC., AS REGISTRAR AND TRANSFER AGENT FOR THE SECURITIES REPRESENTED HEREBY, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO IT AND TO ATLANTIC POWER CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.";

(h) if any of the Securities are being sold outside of the United States in accordance with Rule 904 of Regulation S, and if the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the legend may be removed by providing a declaration to Computershare Investor Services Inc., as registrar and transfer agent for the Securities, in the form attached hereto as Exhibit II (or as the Corporation may prescribe from time to time).

(i) it consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Securities in order to implement the restrictions on transfer set out and described in the U.S. Placement Memorandum;

(j) it understands and acknowledges that the Corporation is not obligated to file and has no present intention of filing with the SEC or with any state securities administrator any registration statement in respect of resales of the Securities in the United States;

(k) it acknowledges that it has received a copy of the U.S. Placement Memorandum and the Final Prospectus and has been afforded the opportunity to ask such questions as it deemed necessary of, and to receive answers from, representatives of the Corporation, concerning the terms and conditions of the offering of the Securities and to obtain such additional information which the Corporation possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy and completeness of the information contained in the U.S. Placement Memorandum and the Final Prospectus and that it considered necessary in connection with its decision to invest in the Securities;

(l) it understands and acknowledges that the Corporation (i) is not obligated to remain a "foreign issuer" within the meaning of Regulation S, (ii) may not, at the time the Securities are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions which could cause the Corporation not to be a foreign issuer;

(m) it understands and acknowledges that it is making the representations, warranties and agreements contained herein with the intent that they may be relied upon by the Corporation, the Underwriters and the U.S. Affiliates in determining its eligibility or (if applicable) the eligibility of others on whose behalf it is contracting hereunder to purchase Securities;

(n) it is not an ERISA Plan as defined in the Final Prospectus; and

(o) it is not an entity subject to the ownership restrictions described in the Final Prospectus under the heading "The Corporation--Limitation on Ownership by Electric Utilities and Others.".

EXHIBIT I

In connection with the private placement in the United States of the securities (the “Securities”) of Atlantic Power Corporation (the “Corporation”) pursuant to the underwriting agreement dated November 10, 2004 among the Corporation, Atlantic Power Holdings, LLC, Teton Power Holdings, LLC, Epsilon Power Holdings, LLC, Umatilla Power Holdings, LLC and the Underwriters named therein (the “Underwriting Agreement”), each of the undersigned does hereby certify as follows:

1. **[Name of U.S. broker-dealer affiliate]** is a duly registered broker or dealer with the United States Securities and Exchange Commission and is a member of and in good standing with the National Association of Securities Dealers, Inc. on the date hereof and all offers and sales of Securities in the United States have been and will be effected by **[Name of U.S. broker-dealer affiliate]** in accordance with all U.S. broker-dealer requirements;

2. each offeree was provided with a copy of the U.S. private placement memorandum (the “U.S. Placement Memorandum”), including the Canadian final prospectus dated November 10, 2004 **[and the documents incorporated by reference therein for the offering of the Securities in the United States]**;

3. immediately prior to our transmitting such U.S. Placement Memorandum to such offerees, we had reasonable grounds to believe and did believe that each offeree was, and continue to believe that each such offeree who is a U.S. person purchasing Securities from us is a “qualified institutional buyer”, as defined in Rule 144A under the Securities Act of 1933, as amended (the “1933 Act”);

4. no form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Securities in the United States; and

5. the offering of the Securities in the United States has been conducted by us in accordance with the terms of the Underwriting Agreement.

Unless otherwise defined, terms used in this certificate have the meaning given to them in the Underwriting Agreement.

Dated this ____ day of November, 2004.

[Underwriter]

By: ______________________________
Name:
Title:

[U.S. Broker-Dealer Affiliate of Underwriter]

By: ______________________________
Name:
Title:

EXHIBIT II

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Computershare Investor Services Inc.,
as registrar and transfer agent for
Income Participating Securities and Common Shares of
Atlantic Power Corporation

AND TO: Computershare Trust Company of Canada,
as indenture trustee for Subordinated Notes of
Atlantic Power Corporation

The undersigned:

- acknowledges that the sale of the securities of Atlantic Power Corporation to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act"), and
- certifies that:

1. it is not an affiliate of Atlantic Power Corporation (as defined in Rule 405 under the Securities Act);
2. the offer of the securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Toronto Stock Exchange, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;
3. neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any "directed selling efforts" (as such term is defined in Regulation S) in the United States in connection with the offer and sale of the securities;
4. the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the Securities Act);
5. the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities; and
6. the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the Securities Act.

Terms used in this declaration have the meanings given to them in Regulation S.

Dated: ______________________

____
Name of purchaser

By: ________________________
Name:
Title: