Analyst conference call
Q4/09 Financial results
March 10, 2010

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Cautionary statement regarding forward-looking information

Certain information in this presentation and oral statements made during this presentation contains forward-looking information. Actual results could differ materially from conclusions, forecasts or projections in the forward-looking information, and certain material factors or assumptions were applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking information.

Additional information about the material factors and risks that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information is contained on pages 57-58 of the Company's Management's Discussion and Analysis (MD&A) dated March 9, 2010 for the quarter ended December 31, 2009, which is filed on SEDAR and available at www.sedar.com.

Corporate updates

Capital Power Corporation

- Q4/09 operating performance in-line with management's expectations
  - 92% average plant availability including scheduled outage at Genesee 1
- Final 100 MW natural gas-fired turbine at Clover Bar commenced operation in Dec/09
  - Unit 3 completed 6 months ahead of schedule
  - Total project cost of $263M, 7% lower than original estimates of $284M
  - Clover Bar meets demand for Alberta peaking generation
  - High-efficiency units use 85% less water and produce 70% less nitrogen oxides (NOx) than the four turbines in the old Clover Bar plant
- Keephills 3 construction project
  - No change to guidance provided in Dec/09
  - Plant expected to commence operations in Q2/11
- Remaining 15% interest in the Battle River PPA sold Jan 15/10 for cash proceeds of $64M resulting in pre-tax gain of $28M

Q4/09 Operating performance

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Q4, 2009	Plant Availability	Generation (Gwh)
Alberta commercial plants		
Genesee 3	99%	484
Joffre	94%	73
Clover Bar Energy Centre(1)	98%	9
Taylor Coulee Chute	66%	2
Clover Bar Landfill Gas	94%	10
Weather Dancer	0%	-
	97%	578
Alberta contracted plants		
Genesee 1	74%	618
Genesee 2	97%	817
	85%	1,435
Ontario and BC contracted plants		
Kingsbridge 1	100%	32
Miller Creek	97%	14
Brown Lake	99%	15
	99%	61
Capital Power Income L.P. plants	92%	1,407
Average / Total	**92%**	**3,481**

(1) Clover Bar Energy Centre includes Unit 2 and 3 as of their commercial operation dates of Sep 1/09 and Dec 16/09, respectively.

Alberta power prices

- Alberta spot power prices of ~$46/MWh in Q4/09 declined 6.5% from Q3/09
- Lower natural gas prices and reduced customer demand for power caused power prices to decline
- $57/MWh captured power price(1) for Alberta commercial position in Q4/09
  - $11/MWh higher than the average spot price
  - $3/MWh higher than captured power price in Q3/09

	Three months ended	
Spot Prices	**Dec 31/09**	**Sept 30/09**
Alberta power ($/MWh)	$46.27	$49.49
Eastern region power ($/MWh)	$30.31	$21.94
Western region power (Mid-C) ($/MWh)	$43.66	$35.67
Alberta natural gas (AECO) ($/Gj)(2)	$4.26	$2.81
Capital Power's Alberta portfolio captured power price ($/MWh)(1)	$57	$54

(1) Captured power price represents the price realized on the Company's commercial contracted sales and portfolio optimization activities.
(2) AECO means a historical virtual trading hub, located in Alberta, which is now known as the Nova Inventory Transfer System operated by TransCanada Pipelines Limited.

Financial highlights – Q4/09

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($M, except earnings per share)	Q4/09	Q3/09	Change
Revenues	$497	$511	↓ 2.7%
Gross margin (excluding fair value changes)[(1)]	$182	$189	↓ 3.7%
Operating margin[(1)]	$154	$169	↓ 8.9%
Net income	$7	$14	↓ 50%
Earnings per share (normalized)[(1)]	$0.18	$0.42	↓ 57%
Funds from operations	$71	$93	↓ 24%
Funds from operations excluding non-controlling interests in CPILP[(1)]	$49	$70	↓ 30%

(1) See "Non-GAAP financial measures" on pages 13-15.

Q4/09 Normalized EPS[1]

- Q4/09 normalized EPS of $0.18, compared to $0.42 in Q3/09
  - Adjusted for unusual items such as fair value changes, impairments, unusual tax adjustments, and gains or losses on disposal of assets
- Significant items impacting quarter/quarter change:
  - Scheduled outage at Genesee 1 resulted in pre-tax impact of $10M in maintenance expense and $6M in revenues
  - Higher indirect administration expenses of $10M
    - Impairment loss of $4M on a venture capital investment
    - Higher costs related to information technology, employee stock option plan, and transition costs for reorganization

(1) See "Non-GAAP financial measures" on pages 13-15.

Hedging Alberta spot power price exposure

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Alberta commercial portfolio

- Clover Bar units significantly enhance our capability to physically manage our Alberta electricity exposures and provides opportunity to participate in a rising power market

2010	2011
substantially sold forward @ low-$60/MWh	~70% hedged @ low-$60/MWh

Sensitivity analysis to +/- $1/MWh change in Alberta power prices:

2010 ➔ +/- $0.5M to operating margin(1)

2011 ➔ +/- $2.5M to operating margin(1)

(1) Sensitivity as of December 31, 2009. Operating margin impact excluding unrealized fair value adjustments.

Financial outlook

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2010 vs. 2009

- Sale of remaining 15% interest of Battle River PPA in Jan/10
- Higher operating margin (excluding fair value adjustments) from full year of operation of Clover Bar units 2 and 3
- Higher captured power price for Alberta commercial portfolio as a significant portion of portfolio sold forward in low-$60/MWh
- Scheduled maintenance outages for Genesee 2 and 3 (total operating expenses of $18M to $22M) versus one scheduled outage in 2009
- Lower operating margin at Genesee 3 from scheduled outage
- No significant transition costs in 2010 for reorganization

Significant portion of merchant position in 2010 sold forward providing stable cash flow profile for the year

2010 Corporate priorities

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- Operational targets
  - Plant availability of ≥ 94%
  - Sustaining capex of $60M
- Construction / development objectives
  - CPC's share of final costs for Keephills 3 project at ≤ $955M with completion by Q2/11
  - Commit at least $500M to capital opportunities that meet or exceed our target rate of return
- Financial
  - 2010 normalized EPS expected to be roughly in line with 2009 (annualized) EPS excluding mark-to-market gains/losses and Battle River PPA gain
  - Repay $245M of existing debt due in 2010
- Investor Relations
  - Robust investor relations program with commitment to enhanced disclosure transparency

Goal: Deliver total shareholder return greater than the average of peer group

Investment summary

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- Positive long-term fundamentals for the Alberta power market
  - Demand growth expected to increase in 2011 from oil sands investment activity and retirement of capacity on Alberta electricity grid
  - Alberta power prices expected to be amongst first to recover in North America based on supply/demand balance
  - Capital Power most highly levered to Alberta power prices
- CPX well positioned as economy recovers
  - Current low natural gas price environment expected to improve
  - Minimal exposure to Alberta power prices in 2010 as significant amount of uncontracted production is hedged
  - Merchant position in 2011-12 provides upside
  - Strong balance sheet with modest leverage and excellent liquidity to capitalize on opportunities
- Clover Bar / Keephills 3 will materially contribute to cash flow in 2010/11
- Investors rewarded with an attractive yield with significant upside

Questions?

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Non-GAAP financial measures

The Company uses (i) gross margin, (ii) operating margin, (iii) funds from operations, (iv) funds from operations excluding non-controlling interests in CPILP and (v) normalized earnings per share as financial performance measures. These terms are not defined financial measures according to Canadian GAAP and do not have standardized meanings prescribed by GAAP, and therefore may not be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with Canadian GAAP. Rather, these measures are provided to complement Canadian GAAP measures in the analysis of the Company's results of operations from management's perspective.

Gross margin and operating margin

Capital Power uses gross margin and operating margin to measure the operating performance of plants and groups of plants from period to period. A reconciliation of gross margin and operating margin to net income is as follows:

(unaudited, $millions)	Six months ended	
	Dec 31, 2009	Dec 31, 2008
Revenues	$ 1,008	$ 1,302
Energy purchases and fuel	574	1,050
Gross margin	**434**	**252**
Operations, maintenance, and direct administration	111	124
Operating margin	**323**	**128**
Deduct (add):		
Indirect administration	64	68
Depreciation, amortization and asset retirement accretion	92	91
Foreign exchange losses	4	8
Impairments	-	42
Net financing expenses	34	60
Income taxes (reduction)	10	(54)
Non-controlling interests	98	(120)
Net income	$ 21	$ 33

Non-GAAP financial measures (cont'd)

Prior to the third quarter of 2009, the Company used adjusted earnings before foreign exchange gains and losses, interest, income tax, depreciation and amortization and impairments (adjusted EBITDA) to measure plant operating performance. Commencing with the third quarter of 2009, the Company adopted operating margin rather than adjusted EBITDA to measure plant performance. Operating margin is more representative of plant performance as it excludes corporate administration and business development expenses (indirect administration). The presentation of the pro forma consolidated information for the six months ended December 31, 2008 conforms to the presentation adopted for the six months ended December 31, 2009.

Funds from operations and funds from operations excluding non-controlling interests in CPILP

Capital Power uses funds from operations to measure the Company's ability to generate funds from current operations. Funds from operations are cash provided by operating activities excluding changes in working capital. Changes in working capital are impacted by the timing of cash receipts and payments and are not comparable from period to period. Therefore, the Company uses funds from operations as its primary operating cash flow measure. The Company measures its interest in cash flows by excluding the non-controlling interest in CPILP's cash flows. A reconciliation of (i) funds from operations and (ii) funds from operations excluding non-controlling interests in CPILP, to cash provided by operating activities is as follows:

(unaudited, $millions)	Three months ended		Six months ended
	Dec 31, 2009	Sept 30, 2009	Dec 31, 2009
Funds from operations excluding non-controlling interests in CPILP	**$ 49**	**$ 70**	**$ 119**
Funds from operations due to non-controlling interests in CPILP	22	23	45
Funds from operations	71	93	164
Change in non-cash operating working capital	50	(40)	10
Cash provided by operating activities	**$ 121**	**$ 53**	**$ 174**

Non-GAAP financial measures (cont'd)

Capital Power Corporation

Normalized net income and normalized earnings per share

The Company uses normalized earnings per share to measure performance by period on a comparable basis. Normalized earnings per share is based on net income according to Canadian GAAP adjusted for items that are not reflective of performance in the period such as fair value changes, impairments, unusual tax adjustments and gains or losses on disposal of assets. A reconciliation of normalized net income to net income, and normalized earnings per share to earnings per share is as follows:

(unaudited, $millions except earnings per share)	Three months ended		Six months ended
	Dec 31, 2009	Sept 30, 2009	Dec 31, 2009
Earnings per share	**$ 0.33**	**$ 0.64**	**$ 0.97**
Net income	**7**	**14**	**21**
Less adjustments			
Unrealized changes in fair value of CPLP's derivative instruments and natural gas held for trading	(5)	(3)	(7)
Unrealized changes in fair value of CPILP's derivative instruments	(1)	(1)	(2)
Venture capital investment write-down	1	-	1
Income tax adjustments	2	(1)	1
	(3)	(5)	(8)
Normalized net income	**4**	**9**	**13**
Normalized earnings per share	**$ 0.18**	**$ 0.42**	**$ 0.60**