Analyst Conference Call

- Q4, 2010 Review
- Acquisition of Bridgeport Energy & Equity Offering

Brian Vaasjo, President & CEO
Stuart Lee, SVP & CFO
Bryan DeNeve, SVP Commercial Services
MARCH 9, 2011

Capital Power Corporation

Forward-looking information

Cautionary statement

Certain information in this presentation and in responses to questions 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 are disclosed on pages 24-26 of this presentation and in the Company's fourth quarter 2010 Management's Discussion and Analysis (MD&A). There is also additional forward-looking information contained in the March 8, 2011 press release on the Bridgeport Energy acquisition. Both the MD&A and the Bridgeport press release have been filed on SEDAR (www.sedar.com).

Q4, 2010 Review

Capital Power Corporation

Corporate updates

Financial results exceeded expectations; strong operating availability

- Financial results in Q4/10 slightly exceeded management's expectations, and significantly exceeded Q4/09
  - Normalized EPS of $0.26, compared to $0.18 in Q4/09
  - 91% average plant availability

Developments remain on schedule

- Keephills 3 project on schedule for COD by end of Q2/11

Trading liquidity has improved from the secondary offering

- $221 secondary offering of common shares by EPCOR in Dec/10
  - 42% increase in public share float has increased trading liquidity
  - EPCOR's economic ownership reduced to 60.5% from 72.2% at that time

Solid progress on executing growth strategy

- Addition of long-term contracted generation
  - Oct/10 - closed $207M Island Generation facility (275 MW) acquisition
- Announced acquisitions will establish foundation of New England hub
  - US$315M acquisition of Rumford and Tiverton power plants (549 MW)
  - US$355M acquisition of Bridgeport Energy (520 MW)

Q4/10 Operating performance

	Plant Availability Q4	2010
Alberta commercial plants		
Genesee 3	56%	88%
Joffre	99%	95%
Clover Bar Energy Centre	95%	71%
Taylor Coulee Chute	100%	97%
Clover Bar Landfill Gas	88%	93%
Weather Dancer	0%	20%
	83%	84%
Alberta contracted plants		
Genesee 1	100%	100%
Genesee 2	97%	92%
	98%	96%
Ontario and BC contracted plants		
Kingsbridge 1	100%	99%
Miller Creek	12%	60%
Brown Lake	99%	97%
Island Generation	99%	99%
	91%	90%
Average excluding CPILP plants	91%	90%
Capital Power Income L.P. plants	97%	95%
Average all plants	95%	92%

Outlook

Clover Bar Energy Centre

- Unit 3 Outage
  - Unplanned outage in Jan/11 due to blade damage in high pressure compressor
  - Unit taken out of service and returned to manufacturer for disassembly, analysis and repair
  - Evaluating whether cause covered under warranty
  - Estimated return to service of Jun 30/11

Review of 2010 corporate priorities

Priority	Performance
Operational targets	
• Plant availability of ≥ 94%	90% due to issues with Clover Bar Unit 2
• Sustaining capex of $60M	$56 million
Construction / development objectives	
• CPC's share of final costs for Keephills 3 project at ≤ $955M with completion by Q2/11	On track
• Commit at least $500M to capital opportunities that meet or exceed our target rate of return	$1 billion
Financial	
• 2010 normalized EPS expected to be roughly in line with 2009 EPS (annualized $1.20)	$1.40
• Refinance $245M of existing debt due in 2010	$300 million

Capital Power Corporation

Financial summary - Q4/10

- Normalized EPS of $0.26, up 44% over Q4/09
- Realized $64/MWh price for the AB commercial plants and portfolio optimization, $18/MWh higher than the average AB power spot price
  - Increases in AB power spot prices and price volatility provided opportunities to dispatch the AB commercial peaking and mid-merit plants; strong contribution to revenues and operating margin
- Financing activities
  - Issued $300M in 10-year MTN in Nov/10; yield 5.28%
  - Issued $125M in preferred shares in Dec/10; yield 4.60%
- Debt to capital ratio(1) of 36% compared to target range of 40% - 50%

(1) The debt to capital ratio is based on consolidated financial statements except that CPILP is accounted for on the equity basis.

Financial performance – Q4/10

$M, except earnings (loss) per share	Q4/10	Q4/09	% Change
Revenues[1]	**$478**	$474	0.8%
Gross margin[1,2]	**$205**	$182	13%
Operating margin[1,2]	**$124**	$120	3.3%
Net income attributable to common shareholders	**($1)**	$7	(114%)
Earnings (loss) per share	**($0.04)**	$0.33	(112%)
Earnings per share (normalized)[2]	**$0.26**	$0.18	44%
Funds from operations[2]	**$82**	$75	9.3%
Funds from operations excluding non-controlling interests in CPILP[2]	**$62**	$52	19%

(1) Before unrealized fair value changes in derivative instruments and natural gas inventory held for trading.
(2) See Non-GAAP Financial Measures on slides 27-30

Capital Power Corporation

Hedging AB spot power price exposure

- At the beginning of 2011, the company expected 2011 Alberta power prices to remain near the bottom of the power price cycle followed by a recovery in 2012
- Base load generation hedge positions at start of 2011

2011	2012	2013
Hedged positions (% hedged)		
~73%	~34%	~17%
Hedged prices		
Low-$60/MWh	Mid-$60/MWh	Mid-$60/MWh

Capital Power Corporation

2011 Financial outlook

Original guidance (Jan/11)

- Normalized EPS comparable to Company's original forecast for 2010 normalized EPS of $1.20
  - Based on an AB power price forecast of $50/MWh in 2011
- Assumed 65% of base load coal generation hedged at an average price of mid-$60/MWh for 2011 (hedge position as of late 2010)

Updated guidance

- Expect full year earnings, normalized earnings and cash flow to exceed original guidance if Alberta power prices settle near current forward rates
  - Average Alberta forward prices increased from about $45/MWh to $65/MWh from end of Q3/10 to mid-Feb/11, following TransAlta's Sundance 1 & 2 announcement
  - Outcome of the Sundance 1 & 2 announcement is uncertain
- Q1/11 earnings and cash flow expected to be lower than original expectations and lower than Q1/10 based on the Company's Alberta portfolio position in first two months of 2011

2011 Corporate priorities

Operational targets

≥ 94%	CPC capacity-weighted plant availability (one Genesee turnaround planned in 2011)
≤ $40M	Maintenance capital (plant maintenance and Genesee mine extension)

Development and construction targets

≥ $1.5B	Capital committed to acquisitions or developments that are in line with our target rates of return
≤ $955M	CPC's final costs for Keephills 3; COD Q2 2011
On time On budget	Development progress for Quality Wind and Port Dover & Nanticoke wind projects (both COD 2012)

2011 Corporate priorities (cont'd)

Financial targets[1,2]

~$1.20	Normalized EPS (comparable to original guidance for 2010)
Modestly higher than 2010	Funds from operations Cash flow per share
Modest improvement from 2010	Dividend coverage ratio (based on current dividend level)

Overall investment performance

Capital Power seeks to deliver Total Shareholder Return that exceeds the median of CPC's peer group

(1) Based on a forecasted average Alberta power price of $50/MWh.
(2) Financial targets based on Canadian generally accepted accounting principles (GAAP) and will be updated under International Financial Reporting Standards (IFRS) in the second quarter of 2011.

Acquisition of Bridgeport Energy Facility & Equity Offering

Capital Power Corporation

Building on corporate strengths

The acquisition fits with our growth strategy

Goal: to triple size to 10,000 megawatts by 2020 on a consistently accretive basis

- Solid platform for sustainable growth
- Financial strength with access to capital
- Proven operating and construction history
- Young and modern fleet
- Large, high quality generation portfolio

Bridgeport Energy

- Natural-gas facility located in target US NE market
- Exceeds IRR target for merchant assets
- CPC experienced with the technology
- Efficient plant that is ~12 years old
- Nominal capacity of 520 MW

Foundation for networked hub

- Bridgeport Energy is a strong fit with our technology and operating focus, which are key elements of our strategy of building networked hubs in our target markets
- In combination with the recently announced acquisitions of power plants in Tiverton, Rhode Island and Rumford, Maine; a strong foundation for a networked hub in the New England market has been assembled
- Capital Power’s approach of managing assets at the hub level rather than at the individual facility level improves efficiency and reduces risk
- With three facilities in the region, we expect to begin realizing synergies in
    - Operations
    - Maintenance
    - Energy and asset management
    - Power marketing

Capital Power has committed US$670M in the New England region, representing more than 1,000 MW of natural gas-fired generation

Transaction overview

- Agreement with LS Power Equity Advisors, LLC to acquire Bridgeport Energy, LLC, which owns the Bridgeport Energy facility
- Buyer under the Purchase and Sale Agreement for the transaction is a subsidiary of Capital Power L.P., the legal entity that directly and indirectly holds Capital Power's assets
- Purchase price for the acquisition is US$355 million subject to working capital and other closing adjustments


Bridgeport Energy

Capital Power Corporation

Acquisition expectations

We expect to exceed our targeted return for merchant assets

- Acquisition expected to exceed the target of 11% IRR (unlevered, after-tax) for merchant assets

We expect near/long-term accretion

- Expect the acquisition to add an average of $0.03 to EPS per year during the first 5 full years with neutral EPS impact in first 2 full years based on deemed capital structure financing of 60% equity, 40% debt
- Acquisition expected to be accretive to earnings over life of the facility

We expect earnings from the New England facilities to grow

- Earnings expected to increase significantly with the expected recovery of power prices in New England market as U.S. economy strengthens

Additional guidance will be provided upon closing

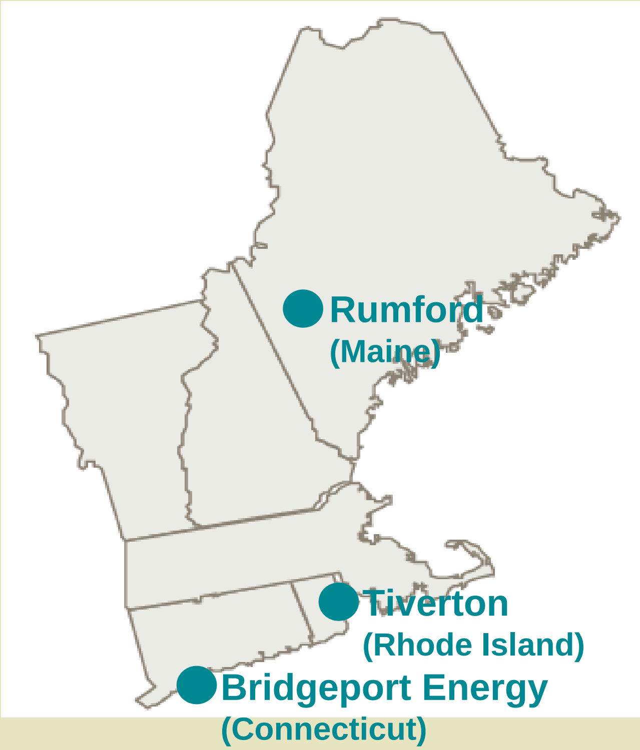
- Expected to close May 2011 subject to regulatory approvals and satisfaction of other customary closing conditions
- Additional guidance including EBITDA projections at close

Financing of New England acquisitions

- Expect to permanently finance the two New England acquisitions
  - Using a combination of both equity and debt
- Capital Power has entered into an agreement with a syndicate of underwriters co-led by TD securities Inc. and CIBC World Markets Inc.
  - Company has agreed to sell 8.1M common shares of Capital Power on a bought deal basis at a price of $24.90 per share for gross proceeds of ~$202M
  - Company has granted the syndicate an over-allotment option, exercisable for a period of 30 days following closing, to purchase up to an additional 1.215M common shares, which if exercised, would increase the gross offering to ~$232M
  - Offering scheduled to close on or about Mar 17/11, and subject to TSX approval and other customary conditions
- Pro forma debt to total capital ratio, including announced 2011 acquisitions, share offering and long-term debt assumption: 42%

Bridgeport Energy facility

- Bridgeport Energy is a 520 MW (nominal capacity) natural-gas combined cycle plant located in Bridgeport, Connecticut
  - Winter generation capacity of 540 MW
  - Site has adequate space to develop a peaking facility when market conditions warrant
- Approximately 12-yr old plant consistent with Capital Power's young fleet
  - Commenced commercial operations in 1999
  - 30-yr expected remaining useful life
- Historically received payments for energy, capacity and ancillary services



Bridgeport Energy facility (cont'd)

- Facility equipped with two Siemens V84.3A gas turbines
  - Additional output from two heat recovery steam generators and one steam turbine
  - Gas turbines use the same design to those that Capital Power operates at the Manchief facility in Colorado State (Manchief has achieved 94% availability over the past five years)
- Bridgeport Energy is a modern efficient plant that has among the lowest heat rates in the ISO-New England market
- Facility designed to minimize environmental impacts and utilizes advanced emission control technologies, including selective catalytic reduction nitrogen oxide controls

Transition Plans

- Expect potential savings in operating and maintenance costs
  - Third party O&M contractor arrangement to continue in the near term
  - O&M services to be ultimately provided by Capital Power; employees to join CPC
  - Review and optimize the LTSA with Siemens Power Corporation for gas turbine equipment
  - Internalize facilities' engineering and technical service requirements and stream line environmental support function
- Expect increased portfolio value in power marketing and energy/gas trading
  - CPC's Commodity Portfolio Management group has traded and managed assets in the US Northeast for a number of years
  - Benefits from the addition of 3 plants and over 1,000 MW of generating capacity
    - Higher margins
    - Optimized risk management
    - Improvements in the power marketing, origination, and gas/energy trading functions

Questions?

Investor Relations

(780) 392-5305

(866) 896-4636 (toll-free)

investor@capitalpower.com

www.capitalpower.com

Capital Power Corporation

Calculation Q4/10 normalized net income

CPC interest in CPLP 30.7%
CPC interest in CPILP 9.1% = (30.7% x 29.7%)

	($M)
Q4/10 Net income attributable to common shareholders[1]	**-$1**
Unrealized net loss in fair value of CPLP's derivative instruments (including natural gas held for trading) $8M x 30.7% x 92% (after-tax rate)	$2
Unrealized net gain in fair value of CPILP's derivative instruments -$11M x 9.1% x 74% (after-tax rate)	-$1
Other income tax adjustments:	-$1
Acquisition loss for Island Generation	$6
Impact of change in NCI% on Q1-Q3 adjustments	$1
Normalized Net Income[1] ($0.26/share based on 23.47M weighted avg. common shares outstanding)	**$6**

(1) Normalized net income attributable to common shareholders and normalized earnings per share are non-GAAP measures. See Non-GAAP Financial Measures.

Capital Power Corporation

Forward-looking information

Certain information in this presentation is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial performance, events or strategies. When used in this context, words such as will, anticipate, believe, plan, intend, target, and expect or similar words suggest future outcomes.

Forward-looking information in this MD&A includes, among other things, information relating to: (i) expectations regarding the review of strategic alternatives for CPILP, its potential outcome, and the intention of Capital Power to support the review of strategic alternatives but not participate as a prospective buyer if a sale were to occur; (ii) expectations regarding the timing of the CPILP strategic review process and that during the review process CPILP will continue its business as usual, provide the same amount of monthly distributions to its unitholders and maintain the same proposition it offers today; (iii) Capital Power's intention to continue managing CPILP assets; (iv) expectations for the Company's and CPILP's sources of capital and use, adequacy and availability of committed bank credit facilities and potential future borrowings; (v) the Company's and CPILP's cash requirements for 2011, including interest and principal repayments, capital expenditures, distributions and dividends; (vi) expected funding of the Quality Wind and Port Dover & Nanticoke wind projects during construction and once completed while maintaining overall leverage in the range of 40% - 50%; (vii) expected contracted price for power under the OPA's FIT program for Port Dover & Nanticoke Wind project; (viii) expectations regarding the impact of a full year of operating activities from Island Generation on operating margin and its impact on earnings and cash flow; (ix) expectations regarding amount and timing of future distributions; (x) expectations regarding the timing and amount for the recovery and settlement of the business interruption claim for the outage of Clover Bar Energy Centre Unit 2; (xi) expectations regarding timing of spending on Keephills 3; (xii) expectations regarding the impact of Keephills 3 coming on-line on cash flow and earnings per share; (xiii) expected total capital project costs and expenditures as well as expected project completion dates and expected payments under contractual obligations; (xiv) expectations about earnings performance and funds from operations in the first quarter of 2011, full year earnings in 2011 and future income; (xv) expected impacts of transition to IFRS, including preliminary transition adjustments and their impact on earnings in future periods; (xvi) expected improvement in and reduction of future plants' environment emission levels and ability to capture future emissions; (xvii) expectations regarding proposed new environmental regulations and the impact of current and new emissions regulation on future environmental regulation compliance costs; (xviii) expectations regarding the carbon capture storage FEED study, timing of completion, and expecting timing of decision to proceed with the project; (xix) expectations regarding the timing of new environmental regulations being brought into force; (xx) expectations regarding normalized earnings per share, cash provided by operating activities and funds from operations in 2011; (xxi) expectations regarding Alberta power prices for 2011 and 2012; (xxii) expectations regarding the impact of power prices in 2011 on earnings and funds from operations and on the Company's unhedged position, profitability from peaking facilities, and availability incentive revenues; (xxiii) expectations regarding plant availability targets, plant maintenance capital expenditures and Genesee mine extension, and total shareholder return in 2011; (xxiv) expectations regarding the impact of Clover Bar Energy Centre Unit 3 being offline on plant availability and on financial results; (xxv) expected timing of return of service date of Clover Bar Energy Centre Unit 3 and expected timing of Unit 2 outage; (xxvi) expectations regarding the timing and impact on earnings of the scheduled maintenance outage at Genesee 1 in 2011; (xxvii) expectations regarding the Kingsbridge II project and other proposed projects in the Bruce-Huron area and related possibilities to be awarded a FIT contract and anticipated timing of award of contract; (xxviii) expectations

Forward-looking information (cont'd)

regarding the development of the proposed Halkirk I project as well as scheduled timing of project completion; (xxix) expectations regarding the Company's strategy, including (a) the Company's expectation to maintain a stable dividend and an investment-grade credit rating supported by contracted cash flows, (b) the Company's expectation to commit at least $1.5 billion of new development or acquisitions in 2011, (c) the Company's expectation of continuing to sell forward a significant portion of its generation output and capacity, and maintain a target for contracted plants to provide approximately 50% of the Company's operating margin; (xxx) expectations in respect of the new PPAs at CPILP's North Carolina plants; (xxxi) the Company's belief that the outcome of any claims or potential claims of which it is aware will not have a material adverse effect on Capital Power's financial conditions and results of operations; (xxxii) expectations that the Tiverton and Rumford acquisition will exceed the targeted rate of return Capital Power seeks from merchant assets and expectations regarding accretion to earnings and impact on earnings per share; (xxxiii) expectations regarding the purchase price, timing of closing, and financing of the Tiverton, Rumford and Bridgeport acquisitions; (xxxiv) expectations regarding the ability to attain the goal of 10,000 MW of assets by 2020 on a consistently accretive basis; (xxxv) expectations that the Tiverton, Rumford and Bridgeport power plants will provide Capital Power with the foundation of a networked hub in the U.S. Northeast; (xxxvi) expectations that the Tiverton, Rumford and Bridgeport power plants will contribute to a balanced portfolio of contracted and merchant assets; (xxxvii) expectations regarding the earnings from the Tiverton and Rumford plants as a result of the expectation that power prices will recover in the New England market; (xxxviii) expected timing of when CPILP will make material cash income tax payments; (xxxix) expectations in respect of new PPAs at the North Carolina facilities and expectations with respect to CPILP's long-term outlook for the North Carolina plants; (xxxx) expectations regarding and impact of TransAlta's intent to terminate the Sundance 1 and 2 PPAs following the damage to both facilities; (xxxxi) expectations regarding mitigating risks through the commodity risk program; and (xxxxii) expectations that Bridgeport can maximize energy and ancillary services revenue through operational flexibility.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements include, but are not limited to: (i) the operation of the Company's facilities; (ii) power plant availability and dispatch, including Sundance which is subject to an acquired PPA; (iii) the Company's financial position and credit facilities and sources of funding; (iv) the Company's assessment of commodity and power markets; (v) the Company's assessment of the markets and regulatory environments in which it operates; (vi) weather; (vii) availability and cost of labour and management resources; (viii) performance of contractors and suppliers; (ix) availability and cost of financing; (x) foreign exchange rates; (xi) management's analysis of applicable tax legislation; (xii) currently applicable and proposed tax laws will not change and will be implemented; (xiii) currently applicable and proposed environmental regulations will be implemented; (xiv) counterparties will perform their obligations; (xv) renewal and terms of PPAs; (xvi) ability to successfully integrate and realize benefits of its acquisitions; (xvii) ability to implement strategic initiatives which will yield the expected benefits; (xviii) ability to obtain necessary regulatory approvals for development projects; (xix) the Company's assessment of capital markets and ability to complete future share and debt offerings; (xx) locations of projects and the areas of which they will be developed, including the availability and use of certain optioned lands; (xxi) costs of construction and development; (xxii) current risk management strategies including hedges will be in place; and (xxiii) ability to manage the transition to IFRS.

Forward-looking information (cont'd)

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from the Company's expectations. Such risks and uncertainties include, but are not limited to, risks relating to: (i) operation of the Company's facilities; (ii) power plant availability and performance, including unplanned plant outages at facilities of other market participants; (iii) unanticipated maintenance and other expenditures; (iv) availability and price of energy commodities; (v) electricity load settlement; (vi) regulatory and government decisions including changes to environmental, financial reporting and tax legislation; (vii) weather and economic conditions; (viii) competitive pressures; (ix) construction; (x) availability and cost of financing; (xi) foreign exchange; (xii) availability and cost of labour, equipment and management resources; (xiii) performance of counterparties, partners, contractors and suppliers in fulfilling their obligations to the Company; (xiv) developments in the North American capital markets; (xv) compliance with financial covenants; (xvi) ability to successfully realize the benefits of acquisitions and investments; (xvii) the tax attributes of and implications of any acquisitions; (xviii) the outcome of CPILP's strategic review; and (xix) ability to secure new contracts and terms of such contracts. If any such risks actually occur, they could materially adversely affect the Company's business, financial condition or results of operations. In that case the trading price of the Company's common shares could decline, perhaps materially.

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Forward-looking statements are provided for the purpose of providing information about management's current expectations, and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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 (v) normalized net income attributable to common shareholders, and (vi) 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 Canadian 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, earnings per share 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)	Year ended December 31,	
	2010	2009
Revenues	$ 1,760	$ 2,158
Energy purchases and fuel	992	1,275
Gross margin	**768**	**883**
Operations, maintenance, direct administration and property taxes	248	228
Operating margin	**520**	**655**
Indirect administration	133	133
Depreciation, amortization and asset retirement obligations accretion	197	183
Foreign exchange losses	1	6
Gains on acquisitions and disposals	(30)	(30)
Net financing expenses	74	77
Income taxes	8	13
Net income	**$ 137**	**$ 273**
Net income attributable to:		
Non-controlling interests	$ 126	$ 222
Common shareholders	$ 11	$ 51

Capital Power Corporation

Non-GAAP Financial Measures (cont'd)

Management considers operating margin to be representative of plant performance as it excludes indirect administration expenses which consist of corporate administration and business development expenses. The presentation of the pro forma consolidated information for the year ended December 31, 2009 conforms to the presentation adopted for the year ended December 31, 2010.

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, $millions)	Year ended	Three months ended				Six months ended	Three months ended	
	Dec 31, 2010	Dec 31, 2010	Sept 30, 2010	June 30, 2010	Mar 31, 2010	Dec 31, 2009	Dec 31, 2009	Sept 30, 2009
Funds from operations excluding non-controlling interests in CPILP	**$ 263**	**$ 62**	**$ 90**	**$ 36**	**$ 75**	**$ 124**	**$ 52**	**$ 72**
Funds from operations due to non-controlling interests in CPILP	91	20	22	22	27	47	23	24
Funds from operations	354	82	112	58	102	171	75	96
Change in non-cash operating working capital	16	(9)	17	(23)	31	2	43	(41)
Cash provided by operating activities	**$ 370**	**$ 73**	**$ 129**	**$ 35**	**$ 133**	**$ 173**	**$ 118**	**$ 55**

Normalized net income attributable to common shareholders 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 attributable to common shareholders 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

Non-GAAP Financial Measures (cont'd)

losses on disposal of assets and on unusual contracts. A reconciliation of net income (loss) attributable to common shareholders to normalized net income attributable to common shareholders, and earnings per share to normalized earnings per share is as follows:

(unaudited, $millions except earnings (loss) per share)	Year ended	Three months ended				Year ended	Three months ended	
	Dec 31, 2010	Dec 31, 2010	Sept 30, 2010	June 30, 2010	Mar 31, 2010	Dec 31, 2009	Dec 31, 2009	Sept 30, 2009
Earnings (loss) per share	**$0.50**	**$ (0.04)**	**$ 0.32**	**$ (0.37)**	**$ 0.60**	**$0.97**	**$ 0.33**	**0.64**
Net income (loss) attributable to common shareholders	**11**	**(1)**	**7**	**(8)**	**13**	**21**	**7**	**14**
Adjustments								
Unrealized changes in fair value of CPLP's derivative instruments and natural gas held for trading	8	2	(1)	7	-	(8)	(5)	(3)
Unrealized changes in fair value of CPILP's derivative instruments	-	(1)	-	1	-	(2)	(1)	(1)
Venture capital investment write-down	-	-	-	-	-	1	1	-
Obligation to EPCOR for Rossdale plant	2	-	2	-	-	-	-	-
Acquisition loss for Island Generation acquisition	6	6	-	-	-	-	-	-
Change in prior quarters' adjustments, for change in non-controlling percentage interest	1	1	-	-	-	-	-	-
Income tax adjustments	3	(1)	4	1	(1)	1	2	(1)
	20	7	5	9	(1)	(8)	(3)	(5)
Normalized net income attributable to common shareholders	**31**	**6**	**12**	**1**	**12**	**13**	**4**	**9**
Normalized earnings per share	**$1.40**	**$ 0.26**	**$ 0.55**	**$ 0.05**	**$ 0.55**	**$ 0.60**	**$ 0.18**	**$ 0.42**

Non-GAAP Financial Measures (cont'd)

The $6 million loss relating to the Island Generation acquisition is not reflective of performance in the period as it is a result of how income taxes are imposed on income from a partnership and the impact on the accounting for a bargain purchase gain in a business acquisition. If CPLP was taxable, rather than CPC being taxable on its income from CPLP, the accounting for the acquisition would have resulted in a goodwill asset on the balance sheet rather than a net loss attributable to common shareholders on the income statement.

The $1 million change in prior quarters' adjustments in the table above was recognized in the fourth quarter of 2010 and reflects the increase in the common shareholders' interest in the adjustments reported in previous quarters. This change was a result of EPCOR's conversion of partnership units to common shares as described under Significant Events.