

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated April 13, 2010 to which it relates, as amended or supplemented (the "**Prospectus**"), and each document incorporated by reference into this Prospectus Supplement and into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S under the U.S. Securities Act) or to, or for the account or for the benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act) except as permitted by the Underwriting Agreement (as defined herein) and pursuant to an exemption from the registration requirements of those laws. See "Plan of Distribution".

Information has been incorporated by reference into the Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated in the Prospectus by reference may be obtained on request without charge from the Corporate Secretary of Capital Power Corporation at TD Tower, 5<sup>th</sup> Floor, 10088 – 102 Avenue, Edmonton, Alberta, T5J 2Z1 (Telephone (1-866-896-4636) and are also available electronically at [www.sedar.com](http://www.sedar.com).

**PROSPECTUS SUPPLEMENT  
TO THE SHORT FORM BASE SHELF PROSPECTUS DATED APRIL 13, 2010**

New Issue

March 10, 2011



**\$201,690,000  
8,100,000 Common Shares**

This Prospectus Supplement qualifies the distribution (the "**Offering**") of 8,100,000 common shares (the "**Common Shares**") of Capital Power Corporation (the "**Company**"), and together with its subsidiaries, "**Capital Power**") at a price of \$24.90 per share. See "Plan of Distribution".

The outstanding Common Shares of the Company are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "CPX". On March 9, 2011, the last trading day prior to the date of this Prospectus Supplement, the closing price of the Common Shares on the TSX was \$24.91. The TSX has conditionally approved the listing of the Common Shares offered by this Prospectus Supplement. Listing of the Common Shares on the TSX is subject to the Company fulfilling all of the listing requirements of the TSX on or before June 8, 2011.

**Price: \$24.90 per Common Share**

	<u>Price to the Public</u>		<u>Underwriters' Fee</u>		<u>Net Proceeds to the Company<sup>(2)</sup></u>
Per Common Share .....	\$ 24.90	\$	0.996	\$	23.904
Total <sup>(1)</sup> .....	201,690,000	\$	8,067,600	\$	193,622,400

Notes:

- (1) The Company has granted to the Underwriters (as defined below) an over-allotment option (the "**Over-Allotment Option**") to purchase up to an additional 1,215,000 Common Shares at the Offering price, exercisable in whole or in part at any time prior to 5:00 p.m. (Edmonton time) on the 30th day after the Offering Closing Date (as defined below) for the purposes of covering over-allotments, if any. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under the Prospectus as supplemented by this Prospectus

Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Underwriters exercise their Over-Allotment Option in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" (before deducting expenses of the Offering) will be \$231,943,500, \$9,277,740 and \$222,665,760, respectively. This Prospectus Supplement also qualifies the distribution of the Common Shares sold upon exercise of the Over-Allotment Option. The Common Shares sold pursuant to this Prospectus Supplement, including the Common Shares sold pursuant to the exercise of the Over-Allotment Option, if any, are referred to as the "Offered Shares". See "Plan of Distribution".

- (2) Before deducting the expenses of the Offering, estimated to be \$400,000, which will be paid from the general funds of the Company.

The following table sets forth the number of Common Shares that may be sold by the Company pursuant to the Over-Allotment Option.

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	1,215,000 Common Shares	Any time for 30 days after the Offering Closing Date	\$24.90 per Common Share

The terms of the Offering were determined by negotiation between the Company and TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Canaccord Genuity Corp. and Credit Suisse Securities (Canada), Inc. (collectively, the "**Underwriters**"). **The Underwriters may offer the Common Shares at a price lower than that stated above. See "Plan of Distribution".** Subject to applicable laws, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than that which otherwise might prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "*Plan of Distribution*".

The Underwriters, as principals, conditionally offer the Offered Shares for sale, subject to prior sale, if, as and when issued by the Company and delivered and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Company by Fraser Milner Casgrain LLP, and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

**Each of TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. is, directly or indirectly, a wholly-owned subsidiary or an affiliate of a Canadian chartered bank or other financial institution that is a lender to Capital Power L.P. (the "Partnership"). In addition, RBC Dominion Securities Inc. is, directly or indirectly, a wholly-owned subsidiary or affiliate of a Canadian chartered bank that is a lender to the Company. Also, two directors of the Company and Capital Power GP Holdings Inc. (the general partner of the Partnership, the "General Partner") are also directors of one of such banks. Consequently, the Company may be considered to be a connected issuer of the Underwriters for the purposes of securities regulations in certain provinces of Canada. See "*Relationship Between the Company's Lenders and the Underwriters*".**

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offered Shares will be registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee. A purchaser of Offered Shares will only receive a customer confirmation from the registered dealer that is a participant in CDS and from or through whom the Offered Shares are purchased. Closing of the Offering is expected to occur on or about March 17, 2011 or on such other date as may be agreed by the Company and the Underwriters, but in any event not later than March 31, 2011 (the "**Offering Closing Date**").

The head and registered office of the Company is located at TD Tower, 5<sup>th</sup> Floor, 10088 – 102 Avenue, Edmonton, Alberta, T5J 2Z1.

**TABLE OF CONTENTS OF PROSPECTUS SUPPLEMENT**

	<u>Page</u>
<b>ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS</b> .....	S-2
<b>DOCUMENTS INCORPORATED BY REFERENCE</b> .....	S-2
<b>FORWARD-LOOKING INFORMATION</b> .....	S-3
<b>CAPITAL POWER CORPORATION</b> .....	S-5
<b>RECENT DEVELOPMENTS</b> .....	S-5
<b>USE OF PROCEEDS</b> .....	S-5
<b>CONSOLIDATED CAPITALIZATION OF THE COMPANY</b> .....	S-6
<b>RELATIONSHIP TO EPCOR</b> .....	S-6
<b>PLAN OF DISTRIBUTION</b> .....	S-7
<b>RELATIONSHIP BETWEEN THE COMPANY'S LENDERS AND THE UNDERWRITERS</b> .....	S-10
<b>PRIOR SALES</b> .....	S-10
<b>MARKET FOR SECURITIES</b> .....	S-11
<b>RISK FACTORS</b> .....	S-11
<b>ELIGIBILITY FOR INVESTMENT</b> .....	S-11
<b>LEGAL MATTERS</b> .....	S-12
<b>PURCHASERS' STATUTORY RIGHTS</b> .....	S-12
<b>AUDITORS' CONSENT</b> .....	S-13
<b>UNDERWRITERS' CERTIFICATE</b> .....	S-14

**TABLE OF CONTENTS FROM BASE SHELF PROSPECTUS**

	<u>Page</u>
<b>FORWARD-LOOKING INFORMATION</b> .....	1
<b>DOCUMENTS INCORPORATED BY REFERENCE</b> .....	2
<b>CAPITAL POWER CORPORATION</b> .....	3
<b>ORGANIZATIONAL STRUCTURE</b> .....	4
<b>RECENT DEVELOPMENTS</b> .....	4
<b>DESCRIPTION OF SHARE CAPITAL AND EXCHANGEABLE LP UNITS</b> .....	4
<b>DESCRIPTION OF SUBSCRIPTION RECEIPTS</b> .....	6
<b>CAPITALIZATION</b> .....	7
<b>PRIOR SALES</b> .....	7
<b>MARKET FOR SECURITIES</b> .....	7
<b>RELATIONSHIP TO EPCOR</b> .....	8
<b>USE OF PROCEEDS</b> .....	10
<b>PLAN OF DISTRIBUTION</b> .....	10
<b>RISK FACTORS</b> .....	11
<b>LEGAL MATTERS</b> .....	11
<b>AUDITORS</b> .....	12
<b>PURCHASERS' STATUTORY RIGHTS</b> .....	12
<b>AUDITORS' CONSENT</b> .....	13
<b>CERTIFICATE OF THE COMPANY</b> .....	C-1

## ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offered Shares and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information. **Capitalized terms used in this Prospectus Supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.**

You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Company and the Underwriters have not authorized anyone to provide you with different or additional information. The Company and the Underwriters are not making an offer to sell the Offered Shares in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this Prospectus Supplement or the Prospectus, or any documents incorporated by reference herein or therein, is accurate as of any date other than the date on the front of those documents as the Company's business, operating results, financial condition and prospects may have changed since that date.

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. "U.S. dollars" or "US\$" means the lawful currency of the United States. Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus is determined using Canadian GAAP as applicable to public enterprises. Unless the context otherwise requires, all references in this Prospectus Supplement to the "**Company**" mean Capital Power Corporation and all references to "**Capital Power**" mean the Company together with its subsidiaries.

### DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is incorporated by reference into the Prospectus as of the date hereof and only for the purposes of the distribution of the Offered Shares offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details. See "*Documents Incorporated by Reference*" in the Prospectus. As of the date hereof, the following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

1. the annual information form ("**AIF**") of the Company dated March 8, 2011;
2. the management information circular of the Company dated April 2, 2010;
3. the audited consolidated financial statements ("**Annual Financial Statements**") of the Company as at and for the year ended December 31, 2010, together with the auditors' report thereon; and
4. the management's discussion and analysis ("**MD&A**") of the Company for the year ended December 31, 2010.

All material change reports (excluding confidential material change reports), AIFs, annual financial statements and the auditors' report thereon and related MD&A, interim financial statements and related MD&A, information circulars, business acquisition reports, any news release issued by the Company that specifically states that it is to be incorporated by reference in this Prospectus Supplement and any other documents as may be required to be incorporated by reference herein under Canadian securities legislation which are filed by the Company with a securities commission or any similar authority in Canada after the date of this Prospectus Supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the Prospectus and this Prospectus Supplement.

**Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement or the Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded and not incorporated by reference, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set**

**forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded thereafter shall not constitute a part of this Prospectus Supplement or the Prospectus, except as so modified or superseded.**

The Company has received a temporary exemption from the Autorité des marchés financiers from the requirement of the *Securities Act* (Québec) to file French versions of the Annual Financial Statements and MD&A on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"); provided that the French versions of such documents are filed on SEDAR on or prior to March 14, 2011 and closing of the Offering occurs after a two business day delay following filing thereof.

### **FORWARD-LOOKING INFORMATION**

Certain information in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein and therein 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 "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts", "indicates" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would", and "could" or similar words suggest future outcomes. By their nature, such statements are subject to significant risks, assumptions and uncertainties, which could cause the Company's actual results and experience to be materially different than the anticipated results.

In particular, forward-looking information and statements include, among other things, information and statements relating to: (i) expectations regarding the review of strategic alternatives for Capital Power Income L.P. ("**CPILP**"), its potential outcome, and the intention of Capital Power to support the review of strategic alternatives but not to 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 distributions to its unitholders and maintain the same proposition it offers today; (iii) Capital Power's intention to continue managing CPILP assets; (iv) expected contracted price for power under the Ontario Power Authority's Feed-in Tariff ("**FIT**") program for Port Dover & Nanticoke Wind project; (v) expectations regarding the amount and timing of future distributions; (vi) expected improvement in and reduction of future plants' environment emission levels and ability to capture future emissions; (vii) 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; (viii) the Company's and CPILP's cash requirements for 2011, including interest and principal repayments, capital expenditures, distributions and dividends; (ix) expected funding of the Quality Wind and Port Dover & Nanticoke Wind projects during construction and once completed while maintaining a leverage in the range of 40%-50%; (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 and amount of spending on Keephills 3; (xii) expectations regarding the impact of Keephills 3 coming on-line on cash flow and earnings per share; (xiii) expectations about earnings performance and funds from operations in the first quarter of 2011, full year earnings in 2011 and future income; (xiv) expected total capital project costs and expenditures as well as expected project completion dates and payments under contractual obligations; (xv) expected impact of transition to international financial reporting standards ("**IFRS**"), including preliminary transition adjustments and their impact on earnings in future periods; (xvi) expectations regarding normalized earnings per share, cash provided by operating activities and funds from operations in 2011; (xvii) expectations regarding Alberta power prices for 2011 and 2012; (xviii) 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; (xix) expectations regarding plant availability targets, plant maintenance capital expenditures and Genesee mine extension, and total shareholder return in 2011; (xx) expectations regarding the timing and impact on earnings of the scheduled maintenance outage at Genesee 1 in 2011; (xxi) expectations in respect of the new power purchase agreements ("**PPAs**") at CPILP's North Carolina facilities and expectations with respect to CPILP's long-term outlook for the North Carolina plants; (xxii) expectations regarding proposed new environmental regulations and the impact of current and new emissions regulation on future environmental regulation compliance costs; (xxiii) expectations regarding the carbon capture storage front end engineering design study, timing of completion, and expected timing of decision to proceed with the project; (xxiv) expectations regarding the timing of new environmental regulations being brought into force; (xxv) expectations regarding the impact of Clover Bar Energy Centre Unit 3 being offline on plant availability and on financial results; (xxvi) expected timing of return of service date of Clover Bar Energy Centre Unit 3 and expected timing of Unit 2 outage; (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 regarding the development of the proposed Halkirk Wind 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) 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; (xxxi) expectations regarding the purchase price and timing of closing of the Tiverton, Rumford and Bridgeport acquisitions; (xxxii) expectations regarding the ability to attain the goal of 10,000 MW of assets by 2020 on a consistently accretive basis; (xxxiii) 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; (xxxiv) 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; (xxxv) expectations that the Tiverton, Rumford and Bridgeport power plants will contribute to a balanced portfolio of contracted and merchant assets; (xxxvi) 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; (xxxvii) expected timing of when CPILP will make material cash income tax payments; (xxxviii) expectations regarding mitigating risks through the commodity risk program; (xxxix) expectations that Bridgeport can maximize energy and ancillary services revenue through operational flexibility; (xl) 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; (xli) expectations that a peaking facility can or will be developed on the existing site of the Bridgeport Energy plant; (xlii) expectations regarding the timing of closing of the Offering; (xliii) expectations regarding the cost for completion and anticipated timing of commencement of commercial operations of the Port Dover & Nanticoke wind project; (xliv) expectations regarding the cost for completion and anticipated timing of commencement of commercial operations of the Quality Wind project; (xlv) expectations regarding the sufficiency of existing coal rights related to the Genesee Coal Mine to supply the requirements of the Genesee facilities for the next 40 years; (xlvi) expectations that enhancement projects at CPILP's North Carolina facilities will significantly reduce emissions and fuel costs, and expectations regarding further investments in these facilities; (xlvii) expectations regarding Capital Power's intention not to build an IGCC facility; (xlviii) expectations regarding the development of additional BC wind projects with Chinook Power Corp.; (xlix) expectations regarding power demand in Canada and the U.S., and the impact thereof on development activity; (l) Capital Power's belief that baseload capacity and its portfolio of mid-merit and peaking facilities will result in capitalization on Alberta market dynamics; (li) expectations regarding the markets in which Capital Power intends to grow and the development of additional networked hubs; (lii) expectations regarding Capital Power's intention to focus on fossil fuel-fired technologies, supplemented by renewables; and (liii) expectations regarding the timing of collective bargaining with unions and that collective bargaining with unions in 2011 will lead to collective agreements on favourable terms for Capital Power.

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; and (xxii) current risk management strategies including hedges will be in place; and (xxiii) ability to manage the transition to IFRS.

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 rates; (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; and (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.

## CAPITAL POWER CORPORATION

The Company was incorporated under the Canada Business Corporations Act on May 1, 2009. Headquartered in Edmonton, Alberta, Capital Power owns or operates approximately 3,800 megawatts ("MW") of power generating capacity in North America. Capital Power's asset portfolio includes direct ownership in operating facilities, ownership of a PPA where Capital Power is entitled to 371 MW of electricity output from the facility but does not own the facility itself and indirect ownership of a 29.6% interest (as at December 31, 2010) in CPILP, a publicly traded limited partnership. Capital Power is currently constructing 495 MW of additional generation capacity at Keephills, Alberta which is a 50% joint venture with TransAlta Corporation, and has other projects in various stages of development which represent approximately 397 MW future capacity.

## RECENT DEVELOPMENTS

### Acquisition of Bridgeport Energy

On March 8, 2011, the Company announced that it has entered into an agreement to acquire Bridgeport Energy, LLC, which owns the Bridgeport Energy facility ("**Bridgeport Energy**") located in Bridgeport, Connecticut, from affiliates of LS Power Equity Advisors, LLC for a purchase price of US\$355 million, subject to adjustment. Bridgeport Energy is a natural gas-fired combined cycle power generation plant serving the New England region in the Northeast United States, and has a nominal capacity of 520 MW. The acquisition of Bridgeport Energy is expected to close in May 2011.

### Acquisition of Tiverton Power and Rumford Power

On February 17, 2011, the Company announced that it has entered into an agreement to acquire two generating facilities from Brick Power Holdings LLC, one facility located in Tiverton, Rhode Island and one facility located in Rumford, Maine (collectively, the "**New England Facilities**") for a purchase price of US\$315 million, subject to adjustment. Both of the New England Facilities are natural gas-fired combined cycle power generation facilities serving the New England region in the Northeast United States, and have a maximum combined capacity of 549 MW. The acquisition of the New England Facilities is expected to close in April 2011.

## USE OF PROCEEDS

Assuming no exercise of the Over-Allotment Option, the estimated net proceeds to the Company from the sale of the Offered Shares will be approximately \$193,222,400, after deducting the Underwriters' fee of \$8,067,600 and the estimated expenses of the Offering of \$400,000.

If the Underwriters exercise their Over-Allotment Option in full, the net proceeds to the Company from the sale of the Offered Shares (including the Common Shares issued upon exercise of the Over-Allotment Option) hereunder will be approximately \$222,265,760 after deducting the Underwriters' fee of \$9,277,740 and the estimated expenses of the Offering of \$400,000. See "*Plan of Distribution*".

Upon closing of the Offering, the Company will use the net proceeds raised under the Offering to subscribe for and purchase 8,100,000 additional common limited partnership units of the Partnership (9,315,000 additional common limited partnership units of the Partnership if the Over-Allotment Option is exercised in full). The Partnership will use the funds received from the Company to repay a portion of the outstanding balance under its credit facilities, which was used to fund capital expenditures, and for general corporate purposes. The Partnership will draw additional amounts under its credit facilities to fund the purchase price for the acquisition of Bridgeport Energy and the New England Facilities. See "*Recent Developments*".

EPCOR Utilities Inc. ("**EPCOR**") will not, directly or indirectly, receive any proceeds from the offering of Offered Shares by the Company under this Prospectus Supplement.

### CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table sets forth the consolidated capitalization of the Company as at December 31, 2010 and the *pro forma* consolidated capitalization of the Company as at December 31, 2010 after giving effect to the Offering and the use of proceeds thereof. See "*Use of Proceeds*".

	As at December 31, 2010 (\$million)	As at December 31, 2010, after giving effect to the Offering and the use of proceeds thereof (\$million) <sup>(1)(2)</sup>
	(audited)	(unaudited)
Long-term debt (including current portion)	1,869	1,676
Non-controlling interests	1,754	1,754
Preferred Shares	122	122
Shareholders' equity	702	895
Special Limited Voting Shareholder's equity	0	0
Special Voting Shareholder' equity	0	0
Total shareholders' equity	<u>824</u>	<u>1,017</u>
Total Capitalization	4,447	4,447

Notes:

(1) Assuming no exercise of the Over-Allotment Option. If the Underwriters exercise their Over-Allotment Option in full, the net proceeds to the Company from the sale of the Offered Shares hereunder will be approximately \$222,265,760, after deducting the Underwriters' fee of \$9,277,740 and the estimated expenses of the Offering of \$400,000. See "*Plan of Distribution*". If the Over-Allotment Option is exercised in full, the "Long-term debt (including current portion)", "Shareholders' equity", "Total shareholders' equity" and "Total Capitalization" will be \$1,647 million, \$924 million, \$1,046 million and \$4,447 million, respectively.

(2) See "*Use of Proceeds*".

### RELATIONSHIP TO EPCOR

On July 9, 2009, the Company issued 21,750,000 Common Shares at \$23.00 per share pursuant to its initial public offering (the "**IPO**"). The net proceeds from the IPO were used as partial consideration in connection with the spin-off of the power generation business of EPCOR conducted by certain subsidiaries and interests of EPCOR (the "**EPCOR Power Group**") and the acquisition of an approximate 27.8% equity interest in the Partnership. The Partnership purchased assets of the EPCOR



Power Group from EPCOR through a series of transactions (the "**Reorganization**"), in connection with which 56.625 million Exchangeable LP Units of the Partnership, representing approximately a 72.2% equity interest in the Partnership and 56.625 million accompanying Special Voting Shares were issued to EPCOR. EPCOR is indirectly the principal shareholder of the Company.

On December 14, 2010, the Company and EPCOR completed a secondary offering (the "**Secondary Offering**"), on a bought deal basis, of 8,334,000 Common Shares at an offering price of \$24.00 per Common Share. On December 22, 2010, the underwriters of the Secondary Offering exercised their over-allotment option and acquired an additional 875,000 Common Shares. The Company did not receive any of the proceeds from the sale of Common Shares under the Secondary Offering.

As at the date hereof, EPCOR beneficially owns 47.416 million Exchangeable LP Units, representing 100% of the outstanding Exchangeable LP Units in the capital of the Partnership and which represents approximately 60.5% of the equity of the Partnership and approximately 60.4% of the total number of outstanding Common Shares after giving effect to the exchange of the Exchangeable LP Units, and 47.416 million accompanying Special Voting Shares of the Company. EPCOR will not be permitted to exchange Exchangeable LP Units if or to the extent that, following the exchange, EPCOR would beneficially own more than 49% of the outstanding Common Shares. EPCOR also beneficially owns the Special Limited Voting Share of the Company.

Following completion of the Offering and the use of proceeds thereof, EPCOR will beneficially own 47.416 million Exchangeable LP Units, representing approximately 54.8% (54.0% if the Over-Allotment Option is exercised in full) of the equity of the Partnership and approximately 54.8% (54.0% if the Over-Allotment Option is exercised in full) of the total number of outstanding Common Shares after giving effect to the exchange of the Exchangeable LP Units, and 47.416 million accompanying Special Voting Shares of the Company. See "*Description of Share Capital and Exchangeable LP Units – Exchangeable LP Units of Capital Power L.P.*" in the Prospectus.

Four members of the board of directors of the Company have been appointed by EPCOR pursuant to the rights attaching to the Special Voting Shares held by EPCOR to nominate and elect a maximum of four directors to the board of the Company. Pursuant to a cooperation agreement between EPCOR and the Company dated July 9, 2009, the Company and EPCOR have agreed that the board of directors of the Company will consist of (i) a minimum of (x) nine directors so long as EPCOR has the right to nominate and elect four directors pursuant to the rights attached to the Special Voting Shares and (y) five directors so long as EPCOR has the right to nominate and elect two directors pursuant to the rights attached to the Special Voting Shares, and (ii) a maximum of 12 directors. Of the current 12 directors of the board of the Company, ten are independent for the purpose of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Under NI 58-101, a director is independent if he or she would be independent within the meaning of independence under National Instrument 52-110 – *Audit Committees*. Essentially, a director is independent if he or she has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment. See "*Description of Share Capital and Exchangeable LP Units – Special Voting Shares of the Company*" in the Prospectus.

EPCOR has advised the Company that it may eventually sell all or a substantial number of the Common Shares underlying its Exchangeable LP Units, subject to market conditions, its requirements for capital and other circumstances that may arise in the future. EPCOR has further advised the Company that it intends to act only as an investor in and not as a manager of Capital Power or the Partnership and that it intends to direct or exercise the voting rights attached to the Special Voting Shares and Special Limited Voting Share, as such. EPCOR is not actively involved in the on-going management of Capital Power and the Partnership. Other than Mr. Donald Lowry, the President and Chief Executive Officer of EPCOR, who is one of EPCOR's nominees to the board of directors of the Company and serves as its Chair, no individual that is a director, officer or employee of EPCOR is also an officer or employee of either the Company or the Partnership. EPCOR does not have access to the information necessary to sign the form of issuer certificate applicable to a prospectus of the Company.

For further information regarding Capital Power's relationship to EPCOR, see "*Relationship to EPCOR*" in the Prospectus.

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated March 10, 2011 between the Company and the Underwriters, the Company has agreed to sell 8,100,000 Common Shares. The Underwriters have severally (and not jointly or jointly and severally) agreed to purchase such Common Shares on the Offering Closing Date, subject to the terms

and conditions contained in the Underwriting Agreement. The Underwriting Agreement provides that the Company will pay the Underwriters an underwriting fee of \$0.996 per Common Share sold by the Company, for an aggregate underwriting fee of \$8,067,600 (assuming no exercise of the Over-Allotment Option). The underwriting fee is payable on the Offering Closing Date. The terms of the Offering were determined by negotiation between the Company and the Underwriters.

The Company has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 1,215,000 Common Shares at the Offering price, exercisable in whole or in part at any time prior to 5:00 p.m. (Edmonton time) on the 30th day following the Offering Closing Date solely for the purpose of covering over-allotments, if any. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under the Prospectus as supplemented by this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Underwriters exercise their Over-Allotment Option in full, the total price to the public, underwriting fee and net proceeds to the Company (before expenses of the Offering) will be \$231,943,500, \$9,277,740 and \$222,665,760, respectively. This Prospectus Supplement also qualifies the distribution of the Common Shares sold upon exercise of the Over-Allotment Option.

The obligations of the Underwriters are several and neither joint nor joint and several and may be terminated at their discretion upon the occurrence of certain stated events. If an Underwriter fails or refuses to purchase the Common Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Common Shares on a *pro rata* basis, provided that, if the aggregate number of Common Shares not purchased is less than or equal to 10% of the aggregate number of Common Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Common Shares not taken up, on a *pro rata* basis or in such other proportion as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Common Shares if any Common Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company will indemnify the Underwriters and their respective affiliates and each of the directors, officers, agents and employees of the Underwriters against certain liabilities and expenses in connection with the Offering on customary terms and conditions.

The Underwriters propose to offer the Offered Shares initially at the offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Offered Shares offered by this Prospectus Supplement at the price specified on the cover page of this Prospectus Supplement, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company. Any such reduction will not affect the net proceeds received by the Company.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The outstanding Common Shares of the Company are listed on the TSX under the symbol "CPX". The TSX has conditionally approved the listing of the Common Shares offered by this Prospectus Supplement. Listing of the Common Shares on the TSX is subject to the Company fulfilling all of the listing requirements of the TSX on or before June 8, 2011.

The Company has agreed that, subject to certain exceptions, during the period beginning on the Offering Closing Date and ending on the date that is 90 days after the Offering Closing Date, it shall not, directly or indirectly, without the prior written consent of TD Securities Inc. and CIBC World Markets Inc., on behalf of the Underwriters, whose consent shall not be unreasonably withheld, issue, sell, offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of (including, without limitation, by making any short sale, engaging in any hedging, monetization or derivative transaction or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares or securities convertible into, exchangeable for, or otherwise exercisable into Common Shares whether or not cash settled), in a public offering or by way of private placement or otherwise, any Common Shares or other securities convertible into, exchangeable for, or otherwise exercisable into Common Shares, or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, other than (i) as may be granted or issued under the Company's long-term incentive plans or other share based compensation arrangement of the Company, (ii) to satisfy existing instruments issued at the date hereof, and (iii) securities issued in connection with an arm's length acquisition, merger, consolidation or amalgamation with any company or companies as long as the party receiving such securities agrees to be bound by this restriction.

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while the Offering is in progress. These transactions may also include making short sales of Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares through the Over-Allotment Option. The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Common Shares offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

Certain of the Underwriters have in the past and may in the future provide various financial advisory, investment banking and commercial lending services for the Company and its affiliates in the ordinary course of business for which they have received and will receive customary fees and commissions.

The Offered Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act) unless pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Offered Shares may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person. Each Underwriter has agreed that it will not offer or sell Offered Shares within the United States or to or for the account or benefit of U.S. persons except in transactions exempt from the requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers that are also "qualified purchasers" within the meaning of Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended, in the United States or who are U.S. persons in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Offered Shares outside the United States to non-U.S. persons in accordance with Regulation S. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares 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, unless such offer is made pursuant to an exemption under the U.S. Securities Act.

#### **RELATIONSHIP BETWEEN THE COMPANY'S LENDERS AND THE UNDERWRITERS**

Each of TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. is, directly or indirectly, a wholly-owned subsidiary or an affiliate of a Canadian chartered bank or other financial institution that is a lender to the Partnership (collectively, the "**Affiliate Lenders**"). In addition, RBC Dominion Securities Inc. is, directly or indirectly, a wholly-owned subsidiary or an affiliate of a Canadian chartered bank that is a lender to the Company under a \$5 million demand credit facility (the "**Demand Facility**"). Also, two directors of the Company and the General Partner are also directors of one of the Affiliate Lenders. Certain of the Underwriters and/or their affiliates have performed investment banking and advisory services for the Partnership, the Company and their respective affiliates from time to time for which they have received customary fees and expenses. Consequently, the Company may be considered to be a connected issuer of the Underwriters for the purposes of securities regulations in certain provinces of Canada. See "*Use of Proceeds*".

On February 28, 2011, approximately \$336 million was drawn or utilized under the credit facilities made available to the Partnership by the Affiliate Lenders and no amounts were drawn or utilized under the Demand Facility. The Partnership is in compliance with all material terms of the agreements governing its respective credit facilities and none of the Affiliate Lenders has waived any breach by the Partnership of such agreements since their execution. The Partnership's financial position has not changed substantially since the indebtedness under the credit facilities was incurred. The Company is in compliance with all material terms of the agreement governing the Demand Facility and the lender under such Demand Facility has not waived any breach by the Company of such agreement since its execution. The Company intends to use the net proceeds of the Offering to subscribe for and purchase additional common limited partnership units of the Partnership. The Partnership will use the funds received from the Company to repay a portion of the indebtedness owing under its credit facilities and, as a consequence, proceeds of the Offering may be paid indirectly to one or more of the Affiliate Lenders.

The decision to distribute the Common Shares offered hereby and the determination of the terms of the distribution were made through negotiations between the Company and the Underwriters. The Affiliate Lenders had no involvement in such decision or determination, but have been advised of the Offering and the terms thereof. As a consequence of this Offering, each of TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc. and HSBC Securities (Canada) Inc. will receive its proportionate share of the Underwriters' fee payable by the Company to the Underwriters.

#### **PRIOR SALES**

Except for (i) 95,566 Common Shares issued on exercise of options granted pursuant to the Company's employee stock option plan at a weighted average issue price of \$23.00; and (ii) 9,209,000 Common Shares issued to EPCOR pursuant to the exchange of Exchangeable LP Units of the Partnership and sold by EPCOR pursuant to the Secondary Offering on December 14, 2010 at a price of \$24.00 per Common Share, since the date of the Prospectus, the Company has not issued any Common Shares. For additional information respecting previously issued Common Shares and securities convertible into Common Shares, see "*Prior Sales*" in the Prospectus.

## MARKET FOR SECURITIES

The outstanding Common Shares are listed and traded on the TSX under the symbol "CPX". The following table sets forth certain trading information for the Common Shares during the periods indicated as reported by the TSX. For additional trading information relating to the Common Shares, see "Market for Securities" in the Prospectus.

<u>Period</u>	<u>Common Share Price (\$) High</u>	<u>Common Share Price (\$) Low</u>	<u>Volume</u>
<b>2010</b>			
March.....	23.00	21.24	4,861,844
April.....	23.00	22.16	1,302,208
May .....	23.00	21.76	2,213,018
June .....	23.39	22.00	895,953
July .....	23.62	21.75	651,020
August .....	23.48	22.26	730,761
September .....	24.20	22.40	994,255
October .....	24.84	23.25	934,721
November .....	24.76	23.62	769,490
December.....	24.67	23.44	1,742,509
<b>2011</b>			
January.....	23.97	22.80	1,285,494
February.....	26.44	23.09	3,497,348
March (1-9).....	26.07	24.80	1,319,207

Source: TSX Marketdata

The Company's outstanding Cumulative Rate Reset Preference Shares, Series 1 (the "**Series 1 Shares**") are listed and traded on the TSX under the symbol "CPX.PR.A". The following table sets forth certain trading information for the Series 1 Shares during the periods indicated as reported by the TSX.

<u>Period</u>	<u>Series 1 Shares Price (\$) High</u>	<u>Series 1 Shares Price (\$) Low</u>	<u>Volume</u>
<b>2010</b>			
December (16 -31).....	26.00	24.85	487,483
<b>2011</b>			
January.....	25.47	25.00	175,979
February.....	25.35	24.75	127,033
March (1-9).....	25.26	25.00	22,813

Source: TSX Marketdata

## RISK FACTORS

An investment in the Common Shares is subject to a number of risks. In addition to the other information contained in and incorporated by reference into this Prospectus Supplement and the Prospectus, you should consider carefully the risk factors set forth under the headings "*Business Risks*" in the Company's MD&A for the year ended December 31, 2010.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Fraser Milner Casgrain LLP, counsel to the Company and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the Offered Shares, provided they are listed on a designated stock exchange (which currently includes the TSX), or the Company is a public corporation, if issued on the date of this Prospectus Supplement, would be qualified investments under the *Income Tax Act* (Canada) (the "**Tax Act**") for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit

sharing plans and tax-free savings accounts. However, the holder of a tax-free savings account that governs a trust which holds Common Shares will be subject to a penalty tax if the holder does not deal at arm's length with the Company for the purposes of the Tax Act or, if the holder has a significant interest, within the meaning of the Tax Act, in the Company or in a corporation, partnership or trust with which the Company does not deal at arm's length for the purposes of the Tax Act.

### **LEGAL MATTERS**

Certain legal matters in connection with the Common Shares offered hereby will be passed upon on behalf of the Company by Fraser Milner Casgrain LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

The partners and associates of Fraser Milner Casgrain LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Company. The partners and associates of Osler, Hoskin & Harcourt LLP, as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Company. Richard H. Cruickshank, a partner of Fraser Milner Casgrain LLP, is a director of the Company.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the province or territory in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

## **AUDITORS' CONSENT**

We have read the prospectus supplement dated March 10, 2011 to the short form base shelf prospectus dated April 13, 2010 relating to the qualification for distribution of 8,100,000 common shares and up to an additional 1,215,000 common shares at a price of \$24.90 per common share of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2010 and 2009 and the consolidated statements of income, changes in owners' equity, comprehensive income, and cash flows for each of the year ended December 31, 2010 and for the six months ended December 31, 2009. Our report is dated March 8, 2011.

(Signed) "KPMG LLP"  
Chartered Accountants

Edmonton, Canada  
March 10, 2011

**UNDERWRITERS' CERTIFICATE**

Dated: March 10, 2011

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

**TD SECURITIES INC.**

By: (Signed) Harold R. Holloway

**CIBC WORLD MARKETS INC.**

By: (Signed) Kelsen Vallee

**RBC DOMINION SECURITIES INC.**

By: (Signed) Robert Nicholson

**BMO NESBITT BURNS INC.**

By: (Signed) Aaron M. Engen

**SCOTIA CAPITAL INC.**

By: (Signed) Thomas I. Kurfurst

**NATIONAL BANK FINANCIAL INC.**

By: (Signed) Iain Watson

**HSBC SECURITIES (CANADA) INC.**

By: (Signed) Jay Lewis

**CANACCORD GENUITY CORP.**

By: (Signed) Karl B. Staddon

**CREDIT SUISSE SECURITIES (CANADA), INC.**

By: (Signed) Erik Charbonneau