Analyst Conference Call

Q1, 2011 Review

Brian Vaasjo, President & CEO
Stuart Lee, SVP & CFO

May 2, 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 16-18 of this presentation and in the Company's first quarter 2011 Management's Discussion and Analysis (MD&A) dated April 28, 2011 that has been filed on SEDAR (www.sedar.com).

Corporate updates

- Q1/11 results consistent with management's guidance provided on Mar 8/11
  - Normalized EPS of $0.33 compared to $0.51 in Q1/10
  - Funds from operations excluding non-controlling interests in Capital Power Income L.P. (CPILP) of $78M, up 10% from $71M in Q1/10
- Successfully closed the New England acquisitions
  - 3 New England facilities (Rumford, Tiverton, Bridgeport) add 1,069 MW to the fleet
- Continued strong access to the capital markets
  - Completed $232M equity offering through the issuance of 9.3M common shares that increased public float by 30%
    - EPCOR's interest in CPC now 54%
  - Completed offering of $300M MTN with a coupon rate of 4.6%
- Keephills 3 project update
  - COD now expected in Q3/11, additional $20M to $30M in capital costs representing a 2-3% increase in Company's share of project
  - Expected to be slightly positive to 2011 net income; slightly negative to 2011 cash from operating activities

Q1/11 Operating performance

	Plant Availability	Generation (GWh)
Alberta commercial plants		
Genesee 3	100%	482
Joffre	99%	98
Clover Bar Energy Centre	65%	162
Taylor Coulee Chute	100%	-
Clover Bar Landfill Gas	95%	8
Weather Dancer	-	-
	87%	750
Alberta contracted plants		
Genesee 1	92%	768
Genesee 2	100%	831
	96%	1,599
Ontario and BC contracted plants		
Kingsbridge 1	98%	31
Miller Creek	78%	5
Brown Lake	100%	14
Island Generation	99%	52
	97%	102
Average excluding CPILP plants	93%	2,451
Capital Power Income L.P. plants	92%	1,139
Average all plants	92%	3,590

Clover Bar Energy Centre (CBEC)

- Unit 3 outage with estimated return to service of Jun 30/11

Genesee Unit 1

- 4-day unscheduled outage in Feb and 21-day scheduled maint outage starting on Mar 28

Q1/11 Summary (excluding CPILP)

- 93% availability unchanged from Q1/10
- Generation of 2,451 GWh, up 8.4% from a year ago

Capital Power Corporation

Financial summary – Q1/11

- Normalized EPS of $0.33, down 35% over Q1/10 primarily due to lower margins on the AB commercial portfolio
- Realized price for the AB commercial plants and portfolio optimization was $64/MWh in Q1/11, compared to $67/MWh in Q1/10
  - Average AB power spot price was $82/MWh for Q1/11 compared to $41/MWh in Q1/10 largely due to colder weather than normal and changes in supply from the shutdown of two large coal plants and derates of other generation units
  - Average realized price for AB portfolio decreased as the AB portfolio was sold forward under merchant and wholesale financial contracts at lower prices
- Higher Sundance PPA availability incentive payments due to higher rolling average power prices
- Partly offset by higher contributions from Joffre and CBEC units as higher AB spot prices and higher volatility provided more opportunities to dispatch these mid-merit and peaking plants

Financial performance – Q1/11

$M, except earnings per share	Q1/11	Q1/10	% Change
Revenues and other income(1)	**$504**	$484	4.1%
EBITDA(1,2)	**$114**	$134	(15%)
Earnings attributable to common shareholders	**$2**	$12	(83%)
Earnings per share	**$0.06**	$0.55	(89%)
Earnings per share (normalized)(2)	**$0.33**	$0.51	(35%)
Funds from operations(2)	**$99**	$99	-
Funds from operations excluding non-controlling interests in CPILP(2)	**$78**	$71	10%

(1) Before unrealized fair value changes in derivative instruments, natural gas inventory held for trading, and foreign exchange and natural gas contracts.

(2) The consolidated financial information, except for EBITDA, normalized earnings per share, funds from operations and funds from operations excluding non-controlling interests in CPILP has been prepared in accordance with International Financial Reporting Standards (IFRS). See Non-IFRS Financial Measures on slides 18-21.

Transitioning to IFRS

- Transition to IFRS had an immaterial impact on opening equity; going forward, earnings impact also expected to be modest
- Expected 2011 IFRS impact is a $5M reduction to income before tax, driven by the following changes:
  - ~11M of the expected $13M maintenance costs for Genesee 1 scheduled outage expected to be capitalized under IFRS rather than expensed, and depreciated over the next two years
  - $5M of CPC's share of maintenance costs for the Joffre plant expected to be capitalized and depreciated under IFRS rather than expensed
  - Depreciation expense to include ~$20M for depreciation on current and prior years' shutdown maintenance costs that are capitalized under IFRS versus expensed as incurred under previous CGAAP
- Genesee Mine Joint Venture was proportionately consolidated under previous CGAAP but is fully consolidated under IFRS statements
  - Earnings impact is an additional $10M in Depreciation expense, which is attributable to income from NCI and $90M of additional PP&E and NCI on the balance sheet

Capital Power Corporation

Transitioning to IFRS (cont'd)

Statement presentation changes

- Income statement expenses presented by nature under IFRS, which combine plant direct & indirect admin costs that were previously shown separately
- Non-IFRS measure of Operating margin replaced by EBITDA due to requirement to reconcile Non-IFRS financial measures to financial statements
- Operating margin by plant category is comparable to EBITDA by plant category in the MD&A as the differences between the two measures are presented as separate line items including the addition of a Corporate EBITDA category
- Indirect admin of $2M per quarter included in CPILP EBITDA, which was previously excluded in Operating margin
- Statement of cash flows includes interest and taxes paid under Cash flows from operating activities; Non-IFRS measure of Funds from operations adjusts for the working capital impact of these cash payments

2011 Capital expenditure outlook

Expect $90M sustaining capex & $290M growth capex

- ~$20M to $30M (2-3%) in additional capital costs for CPC's share of the Keephills 3 project based on revised COD in Q3/11
- Estimated plant maintenance capex is ~$16M higher due to the impact of IFRS whereby costs for major maintenance are capitalized rather than expensed
- ~$7M maintenance capex expected for three New England plants
- Change to schedule for land title transfers results in $44M of planned expenditures shifting from 2011 to 2012 for construction of Port Dover and Nanticoke wind project
  - Not expected to impact planned completion date of Q4/12 or total project cost of $340M

2011 Financial outlook

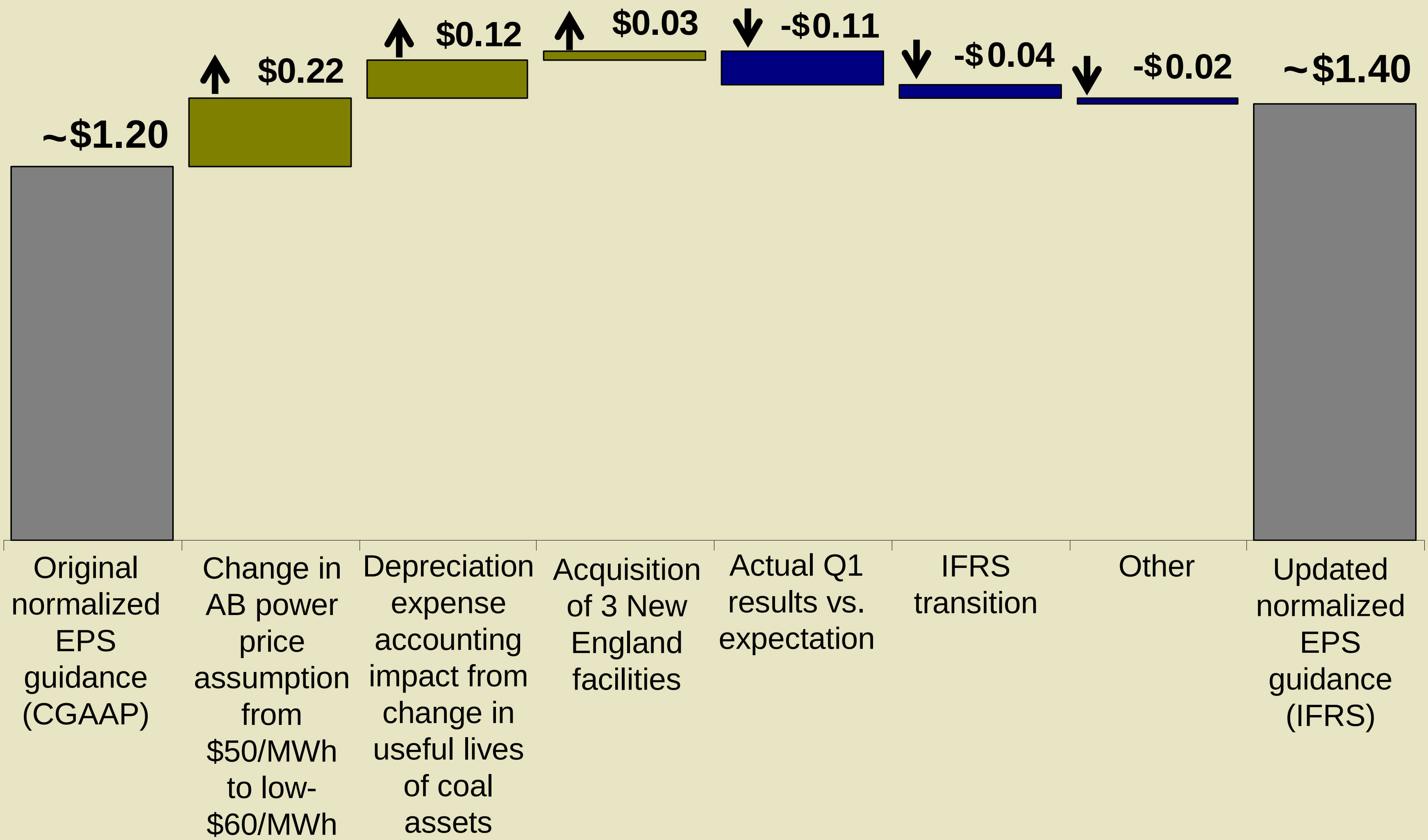
- New England plant acquisitions expected to contribute $34M to $38M in earnings after depreciation expense and before financing and income tax expenses in 2011
- Equity issuance of 9.3M common shares in Mar/11 is slightly dilutive to earnings in Q1 as it preceded the late Apr/11 acquisition closing of the three New England facilities
- Estimated useful lives of the coal plants (Genesee and Keephills 3) extended from 35 to 45 years
  - Depreciation expense in 2011 expected to decrease ~$14M from previous estimates
- Keephills 3 commissioning schedule expected to have a slightly positive impact on 2011 net income and slightly negative impact on 2011 cash from operating activities
- 2011 financing costs will include interest on the $300M MTN debentures issued in Apr/11

2011 Financial outlook (cont'd)

- If average AB spot power prices for the balance of 2011 settle on average in the low-$60/MWh range, expect full year 2011 normalized EPS to be ~$1.40
  - Previous guidance for 2011 normalized earnings per share based on an average AB power price of $50/MWh
  - Although the increase in AB power prices had an unfavourable impact on the CPC's AB portfolio position in Q1, subsequent changes to the unhedged portion of the portfolio and generation from Keephills 3 commencing in Q3, are expected to result in full year earnings that exceed previous guidance and internal plans if high AB power prices continue for the remainder of the year
- Alberta portfolio hedged positions at March 31, 2011

Apr – Dec 2011	2012	2013
Hedged positions (% hedged)		
~64%	~35%	~17%
Hedged prices		
Low-$60/MWh	Mid-$60/MWh	Mid-$60/MWh

Updated 2011 earnings guidance



Capital Power Corporation

2011 corporate priorities

Priority	Status
Operational targets	
• Plant availability of ≥ 94% – CPC capacity-weighted plant availability (one Genesee turnaround planned for 2011)	Expect 91% due to issues with CBEC 3
Maintenance capital of approximately \$56M(1) – Plant maintenance and Genesee mine extension	Estimate \$63M(2)
Development and construction targets	
• Capital committed of ≥ \$1.5B for acquisitions / developments that are in-line with our targeted rates of return	US\$670M committed
• CPC's final costs for Keephills 3 ≤ \$955M; COD Q2/11	COD Q3/11 2-3% cost increase
• Development progress for QW and PD&N wind projects on time (both COD in 2012) and on budget	On track

(1) Updated for IFRS. Target for capex for plant maintenance and Genesee mine was increased for major maintenance expenditures that would have been expensed under previous CGAAP (target ~\$40M). Excludes plant maintenance capex for CPILP plants, Genesee mine capex that are funded by the company's partner for mine operations, the three New England plants, Information technology and Other capex.

(2) Estimate includes expected New England plant maintenance of \$7M.

2011 corporate priorities (cont'd)

Priority	Status
Financial	
• Normalized EPS under previous Canadian GAAP reporting of ~$1.20[1,2] annualized	Revised $1.40[3]
• Funds from operations expected to be modestly higher than 2010	On track
• Cash flow per share expected to be modestly higher than 2010	On track
• Dividend coverage ratio (based on current dividend level) expected to modestly improve from 2010	On track

(1) Based on a forecasted average Alberta power price of $50/MWh.
(2) Financial target based on previous Canadian generally accepted accounting principles (CGAAP).
(3) Restated for IFRS and updated based on Management's current expectations.

Questions?

Investor Relations

(780) 392-5305

(866) 896-4636 (toll-free)

investor@capitalpower.com

www.capitalpower.com

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 includes, among other things, information relating to: (i) expectations regarding timing of anticipated updates on the review of strategic alternatives for CPILP; (ii) 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; (iii) the Company's and CPILP's cash requirements for 2011, including interest and principal repayments, capital expenditures, distributions and dividends; (iv) expectations regarding repair costs and ability to recover costs under warranty for the outage of Clover Bar Energy Centre Unit 3; (v) expectations regarding timing of spending on the Port Dover & Nanticoke project and the impact on the commercial operation date and total project cost; (vi) expectations regarding the impact and timing of Keephills 3 coming on-line on earnings and normalized earnings per share for 2011; (vii) expected total capital project costs and expenditures as well as expected project completion dates and expected payments under contractual obligations; (viii) 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%; (ix) expected impact of IFRS transition adjustments on earnings in future periods; (x) the expected impact on depreciation as a result of the extension in useful life of the Genesee and Keephills 3 plants; (xi) expected impact on capitalization and full year depreciation as a result of maintenance costs which are capitalized under IFRS; (xii) expected impact on earnings after depreciation expense and before financing and income tax expenses as a result of the three New England plant acquisitions in 2011; (xiii) expected impact on interest due to the issuance of $300 million medium-term notes debentures in April 2011 and expected use of proceeds; (xiv) expectations regarding normalized earnings per share for 2011 being approximately $1.40 per common share and expectations regarding full year earnings in 2011; (xv) expectations regarding Alberta power prices for 2011; (xvi) expectations regarding total contribution of the New England plant acquisitions to the Company's committed capital in 2011; (xvii) expectations regarding allocated capital, plant availability targets, capital expenditures for plant maintenance and the Genesee mine extension, and total shareholder return in 2011; (xviii) expectations regarding the impact of Clover Bar Energy Centre Unit 3 being offline on plant availability and on financial results; (xix) expected timing of return of service date of Clover Bar Energy Centre Unit 3 and expected timing of Unit 2 outage in 2011, and estimated business interruption insurance recovery from the Unit 2 outage in 2010; (xx) expectations regarding the timing and impact on capitalization, depreciation, and maintenance expense of the scheduled maintenance outage at Genesee 1 in 2011; (xxi) expectations regarding the impact of the acquisition of the New England facilities on EBITDA and depreciation expense in 2011, and earnings in 2012 and subsequent years; (xxii) expectations regarding the purchase price and timing of closing of the Tiverton and Rumford acquisition; (xxiii) expectations regarding the interim and permanent financing of the New England plant acquisitions using a combination of debt and equity; (xxiv) expectations regarding the ability to attain the goal of 10,000 MW of assets by 2020; (xxv) 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; (xxvi) expectations that the Tiverton, Rumford and Bridgeport power plants will contribute to a balanced portfolio of contracted and merchant assets; (xxvii) 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; (xxiii) expectations that Bridgeport can maximize energy and ancillary

Forward-looking information (cont'd)

services revenue through operational flexibility; (xxix) expectations regarding the Company's strategy, including the Company's expectation to commit at least $1.5 billion of new development or acquisitions in 2011; (xxx) expectations regarding CPILP's income taxes in the third and fourth quarter of 2011; and (xxxi) expectations regarding the impact of the delay in commercial operation date of Keephills 3 on capital costs, net income and cash from operating activities.

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, including power prices for 2011; (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, common share ownership distribution, 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) factors and assumptions noted under Outlook in respect of the forward looking statements and information noted in that section.

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; (xix) ability to secure new contracts and terms of such contracts; and (xx) risks and uncertainties noted under Outlook in respect of the

Forward-looking information (cont'd)

forward looking information and statements noted in that section. See also Business Risks in the Company's December 31, 2010 annual MD&A. 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.

This MD&A includes the following updates to previously disclosed forward-looking statements: (i) expectations regarding capital expenditures have been revised to reflect a change in the timing of spending on the Port Dover & Nanticoke project from 2011 to 2012; (ii) expectations regarding normalized earnings per share have been updated to include revised expectations regarding Alberta power prices in 2011, IFRS transition adjustments, a change in the estimated useful life of the Genesee and Keephills 3 plants, the addition of the three New England plants, and higher financing costs and equity dilution as a result of the medium-term debt issuance and equity offering, respectively, in the first quarter of 2011; (iii) estimates for capital expenditures in 2011 have been updated to include changes in the estimated plant maintenance capital expenditures due to the impact of capitalizing major maintenance costs under IFRS, the inclusion of maintenance capital expenditures for the three New England plants, and the delay in spending on the Port Dover and Nanticoke project; (iv) Capital Power's and EPCOR's expected share of net income has been updated to include the changes to the current common share ownerships as a result of the 9.3 million common shares equity offering in March 2011; (v) the expected commercial operation date for Keephills 3 has been revised from the second quarter to the third quarter of 2011; and (vi) capital expenditures on Keephills 3 has been revised to include additional costs associated with cleaning of the boiler.

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-IFRS financial measures

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

EBITDA

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

Non-IFRS financial measures (cont'd)

(unaudited, $millions)	Three months ended				
	Mar 31, 2011	Dec 31, 2010	Sept 30, 2010	June 30, 2010	Mar 31, 2010
Revenues	$ 440	$ 429	$ 493	$ 301	$ 484
Other income	18	8	18	12	17
Energy purchases and fuel	291	232	278	196	284
Gross income	**167**	**205**	**233**	**117**	**217**
Other raw materials and operating charges	29	43	20	22	19
Staff costs and employee benefits expense	39	43	44	47	41
Other administrative expenses	10	19	17	11	10
Property taxes	5	4	5	4	5
Impairment charges	-	1	66	(2)	-
Foreign exchange losses (gains)	2	1	1	(2)	1
Gains on acquisitions and disposals	-	(2)	-	-	(28)
EBITDA	82	96	80	37	169
Depreciation and amortization	58	66	56	62	57
Finance expense	9	13	26	20	19
Income taxes expense (recovery)	1	(5)	1	(11)	1
Net income	**14**	**22**	**(3)**	**(34)**	**92**
Attributable to:					
Non-controlling interests	11	25	(19)	(26)	80
Shareholders of the Company	3	(3)	16	(8)	12

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, including financing and current income tax expenses, and 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. As a result of the transition to IFRS, interest paid, excluding capitalized interest, and income taxes paid and recovered have been moved into the body of the consolidated statement of cash flows as part of operating activities. These amounts were previously disclosed as supplementary information and captured within the consolidated statement of cash flows within changes in non-cash operating working capital. In its funds from operations and funds from operations excluding non-controlling interests in CPILP, the Company includes interest and current income tax expense recorded

Non-IFRS financial measures (cont'd)

during the period, rather than interest and taxes paid as these differences are impacted by the timing of cash receipts and payments and are not comparable from period to period. Therefore, the Company uses funds from operations as its primary operating cash flow measure. The Company measures its interest in cash flows by excluding the non-controlling interest in CPILP's cash flows. A reconciliation of (i) funds from operations and (ii) funds from operations excluding non-controlling interests in CPILP, to cash provided by operating activities is as follows:

(unaudited, $millions)	Three months ended	
	Mar 31, 2011	Mar 31, 2010
Funds from operations excluding non-controlling interests in CPILP	**$ 78**	**$ 71**
Funds from operations due to non-controlling interests in CPILP	21	28
Funds from operations	**99**	**99**
Adjustments:		
Unrealized changes in the fair value of forward bond contracts	10	-
Finance expense	9	19
Interest paid	(12)	(12)
Income taxes (paid) / recovered	(9)	8
Current income tax expense excluding future income taxes	4	14
Change in non-cash operating working capital	-	(1)
Cash provided by operating activities	**101**	**127**

Normalized earnings 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 earnings used in the calculation of earnings per share according to IFRS adjusted for items that are not reflective of performance in the period such as fair value changes, impairments, unusual tax adjustments and gains or losses on disposal of assets or on unusual contracts such as the contract for maintenance of EPCOR's Rossdale plant. A reconciliation of net income (loss) attributable to shareholders to normalized earnings attributable to common shareholders, and earnings (loss) per share to normalized earnings per share is as follows:

Capital Power Corporation

Non-IFRS financial measures (cont'd)

(unaudited, $millions except earnings (loss) per share)	Three months ended	Year ended	Three months ended			
	Mar 31, 2011	Dec 31, 2010	Dec 31, 2010	Sept 30, 2010	June 30, 2010	Mar 31, 2010
Earnings (loss) per share	**$ 0.06**	**$ 0.77**	**$ (0.13)**	**$ 0.73**	**$ (0.37)**	**0.55**
Net income (loss) attributable to shareholders	3	17	(3)	16	(8)	12
Preferred share dividends	(1)	-	-	-	-	-
Earnings (loss) attributable to common shareholders	**2**	**17**	**(3)**	**16**	**(8)**	**12**
Adjustments						
Unrealized changes in fair value of CPLP's derivative instruments and natural gas held for trading	9	9	3	(2)	8	-
Unrealized changes in fair value of CPILP's derivative instruments	-	-	(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	-	-	-
Impact of asset impairments recognized by subsidiaries	-	(5)	-	(5)	-	-
Income tax adjustments	-	1	(1)	3	-	(1)
	9	14	8	(2)	9	(1)
Normalized earnings attributable to common shareholders	**11**	**31**	**5**	**14**	**1**	**11**
Normalized earnings per share	**$ 0.33**	**$ 1.40**	**$ 0.21**	**$ 0.64**	**$ 0.05**	**$ 0.51**

Capital Power Corporation