Capital Power Corporation

CAPITAL POWER ANALYST CONFERENCE CALL Q4 2011 REVIEW

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

March 14, 2012

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 page 27 of this presentation and in the Company's fourth quarter 2011 Management's Discussion and Analysis (MD&A) dated March 13, 2012 that has been filed on SEDAR (www.sedar.com).

Non-GAAP financial measures

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

Reconciliations of EBITDA to net income, funds from operations and funds from operations excluding non-controlling interests in CPILP to net cash flows from operating activities, normalized earnings attributable to common shareholders to net income attributable to common shareholders, and normalized earnings per share to earnings per share are contained in the Company's Management's Discussion and Analysis dated March 13, 2012 for the year ended December 31, 2011 which is available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at www.capitalpower.com.

Q4 2011 PERFORMANCE HIGHLIGHTS

Capital Power's strategy drives results(1)

Strong Q4 performance contributes to double-digit year-over-year gains in cash flow, and meeting full-year earnings guidance

Operational excellence | Financial stability and strength

Strategy

Shareholder value | Disciplined growth

Full-year operating availability rises to 92%, from 90% in 2010

- 99% availability at Clover Bar in Q4 helped partially offset lost production from G3

2011 normalized EPS of $1.24 meets guidance

- Q4/11 NEPS $0.36, up from $0.21 Q4/10

Growing shareholder value and increased financial strength

10%	16%	27%	2.1x
Cash Flow Per Share	EBITDA	FFO excl CPILP	Dividend Coverage Ratio
2011 vs. 2010	2011 vs. 2010	2011 vs. 2010	2011

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(1) Normalized Earnings per share, cash flow per share, EBITDA, funds from operations excluding non-controlling interests in CPILP and dividend coverage ratio are Non-GAAP financial measures; see slide 3 for discussion of Non-GAAP financial measures.

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Q4 HIGHLIGHTS

Capital Power's fleet is aligned with the business strategy

Q4 transactions rationalize the fleet and sharpen focus

Closed sale of CPILP to Atlantic Power

- CPC's Q4/11 results reflect ~$1.08/share gain on the transaction
- CPC received $314M in combined consideration ($145M cash, $121M of North Carolina assets, $48M of ATP stock)
- ATP stock subsequently sold in Feb/12 for net proceeds of $52M (pre-tax gain ~$4M, cash taxes ~$1M)

Divestiture of small hydro facilities

- CPC's 50% interest in Taylor Coulee Chute (13 MW) sold to TransAlta in Nov/11 for $8M (pre-tax gain ~$4M)
- Miller Creek and Brown Lake expected to be divested by mid-2012

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Q4 HIGHLIGHTS

Risk is effectively managed

Networked hub strategy and effective portfolio management successfully mitigate outage impacts

Genesee 3 unplanned outage

- Outage from Nov 11/11 – Jan 15/12
- Q4/11 production 222 GWh, versus an average of 485 GWh/quarter in 2011
- ~$2M incremental repairs net of insurance recoveries

Clover Bar Energy Centre (CBEC), portfolio optimization and a growing Alberta fleet backstop lost G3 production

- CBEC dispatched for 132 GWh in Q4/11, with 99% availability
- 952 GWh in Q4/11 production from Alberta commercial plants, up from 543 GWh in Q4/10
- Q4/11 realized Alberta power price of $75/MWh vs. $76/MWh spot price

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Fleet-wide operating performance

Plant Availability		Q4/11	2011
Alberta commercial plants	Genesee 3	44%	85%
	Keephills 3	99%	99%
	Joffre	93%	92%
	Clover Bar Energy Centre	99%	80%
	Taylor Coulee Chute	100%	98%
Alberta contracted plants	Genesee 1	100%	93%
	Genesee 2	100%	100%
Ontario and BC contracted plants	Kingsbridge 1	98%	99%
	Miller Creek	78%	87%
	Brown Lake	93%	86%
	Island Generation	100%	100%
North East US commercial plants	Bridgeport	59%	81%
	Rumford	94%	95%
	Tiverton	89%	94%
North Carolina U.S contracted plants	Roxboro	100%	—
	Southport	100%	—
	Average	**87%**	**92%**

- Q4/11 87% average availability vs. 91% in Q4/10
- G3 experienced an unplanned outage in Q4 and returned to service Jan 15/12
- 99% availability at CBEC allowed for increased generation to offset some of the lost production at G3
- 100% availability from Genesee 1 & 2, Island Generation, and North Carolina facilities
- 2011 average availability of 92% vs. 90% a year ago


2011 FULL YEAR
PERFORMANCE
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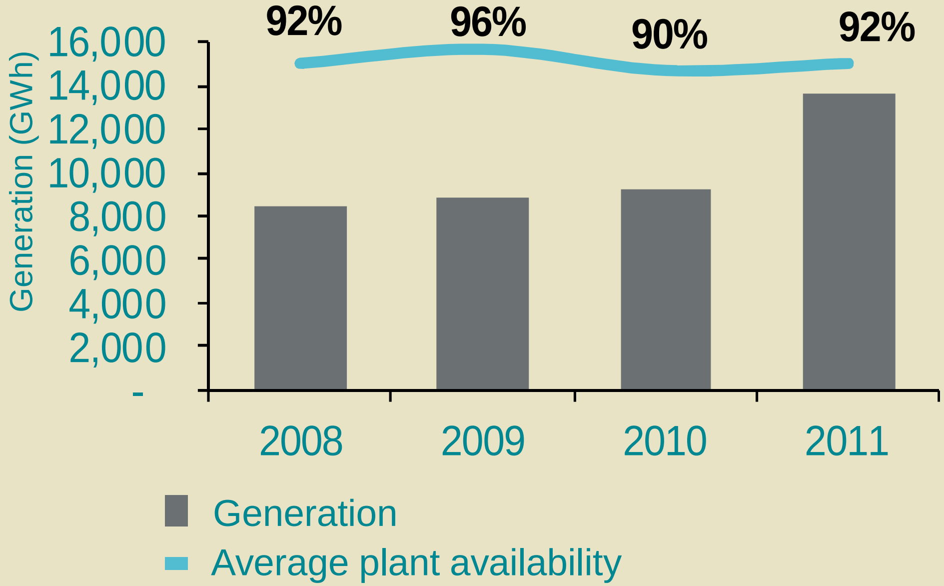
2011 Performance overview

Operational excellence

Performance measures	2011 targets	2011 actual results
Plant availability average	94% or greater	92%
Capex for plant maintenance and Genesee mine extension	~$56 million	$57 million (excludes $14 million for New England facilities)

Operating Performance



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2011 Performance overview (cont'd)

Development and construction

Performance measures	2011 targets	2011 actual results
CPC's final costs for Keephills 3	≤ $955M with COD in Q2/11	$949M with COD Sep/11
Quality Wind and Port Dover & Nanticoke wind projects	Continue on time and on budget with CODs in 2012	Quality Wind in-line with target; PDN's COD anticipated in 2013

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2011 Performance overview (cont'd)

Disciplined growth

Performance measures	2011 targets	2011 actual results
Committed capital for acquisitions / developments that are in-line with targeted rates of return	≥ $1.5B	$1.4B committed • Acquisition of 3 plants in New England and 2 plants in North Carolina • Commencement of wind development projects in AB and ON





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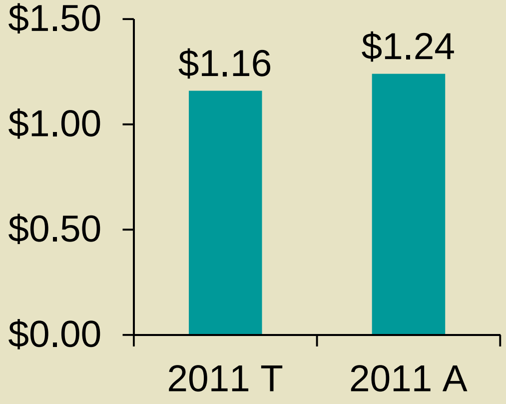
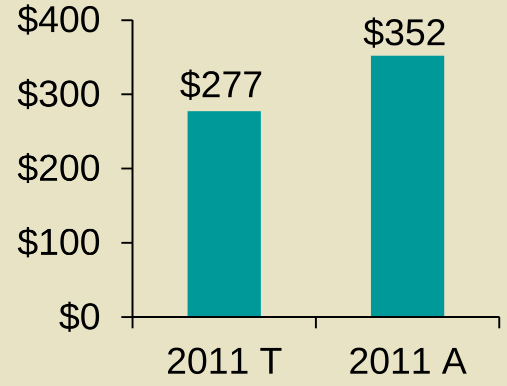
2011 Performance overview (cont'd)

Original financial targets[1] (Jan/11) exceeded

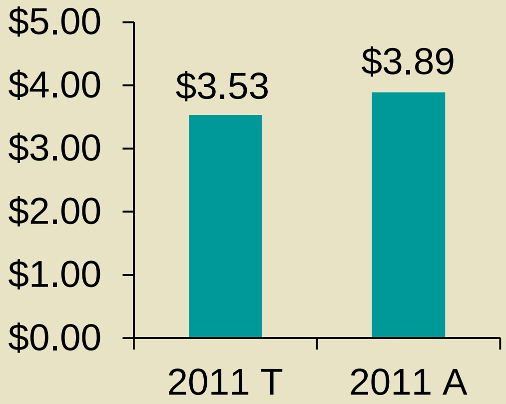
Normalized EPS



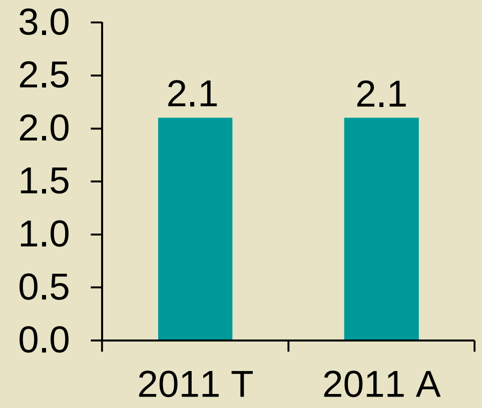
Funds from operations excluding CPILP[2]



Cash flow per share[3]



Dividend coverage ratio



(1) Non-GAAP financial measures; see slide 3 for discussion of Non-GAAP financial measures.
(2) 2011 target of $257M disclosed in Q3/11 was restated for adjustment made in Q4/11.
(3) 2011 target of $3.28 disclosed in Q3/11 was restated for adjustment made in Q4/11.

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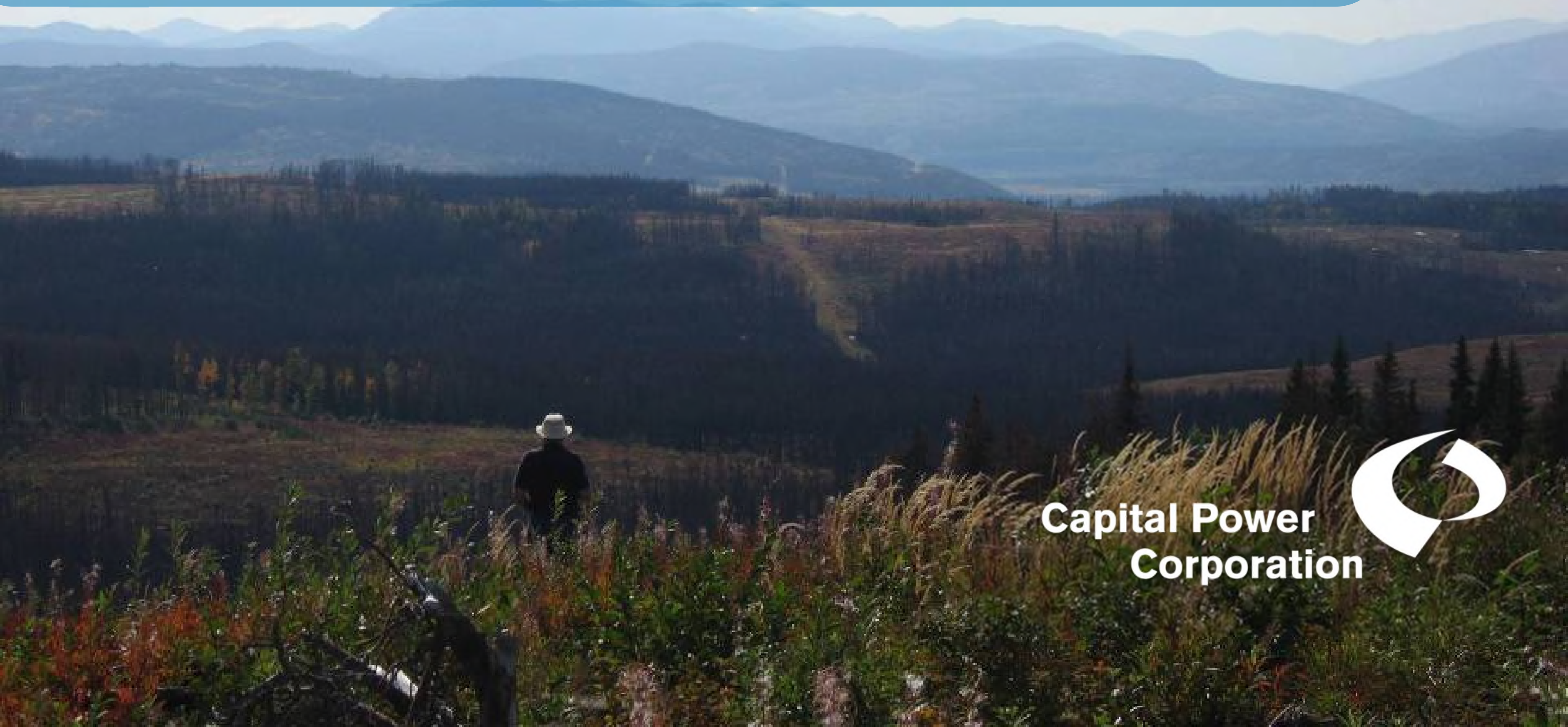
Q4 FINANCIAL PERFORMANCE, 2012 OUTLOOK & DISCLOSURE IMPROVEMENTS



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Financial performance – Q4/11

$M, except per share amounts	Q4/11	Q4/10	% Change
Revenues and other income(1)	**$398**	$474	(16%)
EBITDA(1,2,3)	**$140**	$90	56%
Earnings per share (loss)	**$1.47**	($0.13)	n.m.
Normalized earnings per share(3)	**$0.36**	$0.21	71%
Funds from operations(3)	**$99**	$98	1.0%
Funds from operations excluding non-controlling interests in CPILP(3)	**$88**	$78	13%
Cash flow per share(3)	**$0.90**	$0.97	(7.2%)

(1) Before unrealized fair value changes in derivative instruments, natural gas inventory held for trading, and foreign exchange and natural gas contracts.
(2) Earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange losses and gains on acquisitions and disposals.
(3) Non-GAAP financial measures; see slide 3 for discussion of Non-GAAP financial measures.

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Financial summary[1] – Q4/11

Normalized EPS of $0.36 in line with expectations

- $1.11 difference compared to reported EPS of $1.47, primarily due to the gain on sale of CPILP ($1.08)

EBITDA[2,3] of $140M in Q4/11, up 56% YOY

- Driven by strong YOY segmented plant performances (AB commercial plants and portfolio optimization, Ontario and BC contracted plants, and AB contracted plants)
- Facilities added in 2011(primarily Keephills 3 and New England facilities)

Funds from operations excluding non-controlling interests in CPILP of $88M in Q4/11, up 13% YOY

- FFO benefitted from Keephills 3's first full quarter of operations
- Higher realized price for the AB commercial portfolio of $75/MWh vs. $64/MWh for Q4/10

(1) Normalized earnings per share, EBITDA and funds from operations excluding non-controlling interests in CPILP are Non-GAAP financial measures; see slide 3 for discussion of Non-GAAP financial measures.
(2) Earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange losses and gains on acquisitions and disposals
(3) Before unrealized fair value changes in derivative instruments, natural gas inventory held for trading, and foreign exchange and natural gas contracts.

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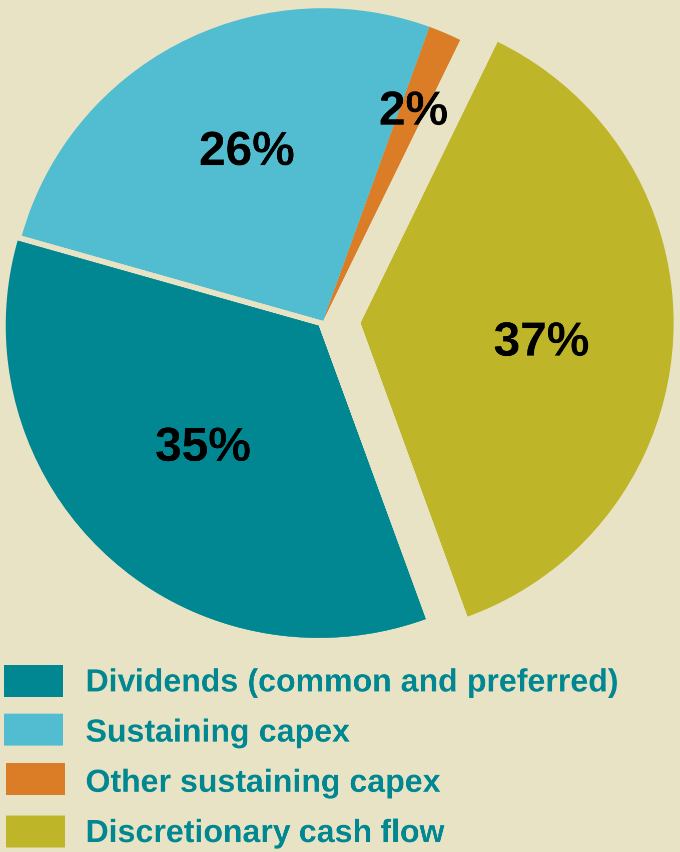
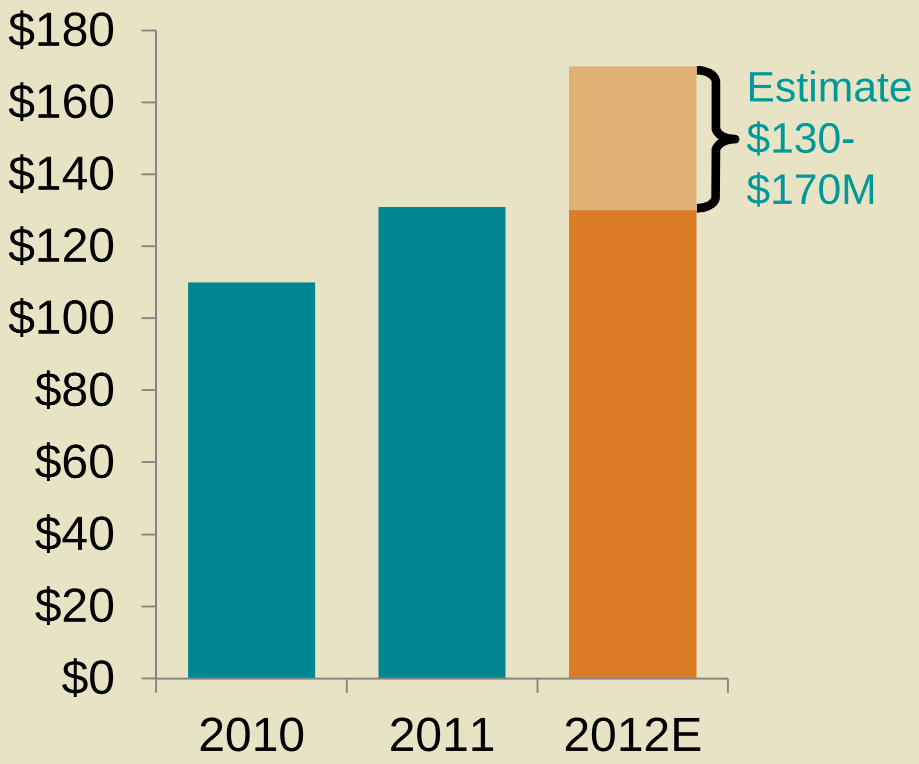
Continued strong cash flow generation

Discretionary cash flow(1) of $131M in 2011, up 19% from $110M in 2010

2011 FFO excl CPILP(2) of $352M



Discretionary cash flow



(1) Discretionary cash flow is a Non-GAAP financial measure; see Discretionary cash flow slide on page 28 for details.
(2) Non-GAAP financial measure; see slide 3 for discussion of Non-GAAP measures.

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AB commercial portfolio positions

Lower hedged position in 2012 is expected to result in higher realized prices for the portfolio

- Q4/11 realized price for AB commercial portfolio was $75/MWh compared to $76/MWh average AB spot price
- Alberta portfolio hedged positions for AB baseload plants and Sundance PPA (% sold forward at beginning of year)

2012	2013	2014
Hedged positions (% hedged)		
48%	20%	5%
Average hedged prices		
High-$60/MWh	Mid-$60/MWh	Low-$60/MWh

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2012 Outlook

Normalized EPS and FFO for 2012 are expected to exceed 2011 levels

- Based on average Alberta power price of ~$74/MWh
- Expect higher realized prices for AB commercial portfolio due to lower hedged positions entering the year
- Expect similar realized prices on economically unhedged position, profitability from the peaking facilities, and incentive revenues from Genesee 1 and 2
- Full year results from New England facilities acquired in Apr/11 and Keephills 3 (COD Sep/11)

Two scheduled maintenance outages (G2 and G3)

- G2 planned outage expected to last 25 days and cost ~$15M in maintenance expense and $12M in availability penalties
- G3 planned outage expected to last 28 days and CPC's portion of the maintenance cost is expected to be $9M

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Improvements in financial disclosure

- In Q3/11, a survey was conducted on behalf of CPC to gauge analyst and investor views of CPC's financial disclosure practices
- Overall, most respondents felt CPC provided comprehensive, transparent financial disclosure. We are acting to enhance disclosure based on suggestions we heard:

Suggested areas for improvement	Improvements
Complexity of structure involving multiple minority interests (EPCOR, CPILP, CPLP) results in highly complex financial disclosure	• Complexity reduced with divestiture of CPILP in Nov/11 • EPCOR's ownership (39%) continues to decline after two secondary offerings and will eventually be reduced to nil
More detail on the reconciliation to Normalized EPS	• Expanded commentary and increased granularity on "normalizing items"
Greater granularity for individual plant performance	• Revenue provided on a plant-by-plant basis
Greater disclosure on portfolio optimization activity	• Portfolio optimization revenue can now be derived from individual plant revenue disclosure, which excludes trading revenue • Expanded commentary
Shorten MD&A and reduce repetition	• Repetition reduced and MD&A content re-organized and itemized in a table of contents • Reduction in overall page length
More clarity on EPS accretion calculation for acquisitions and development projects	• Look to provide more clarity on EPS accretion calculation in future announcements

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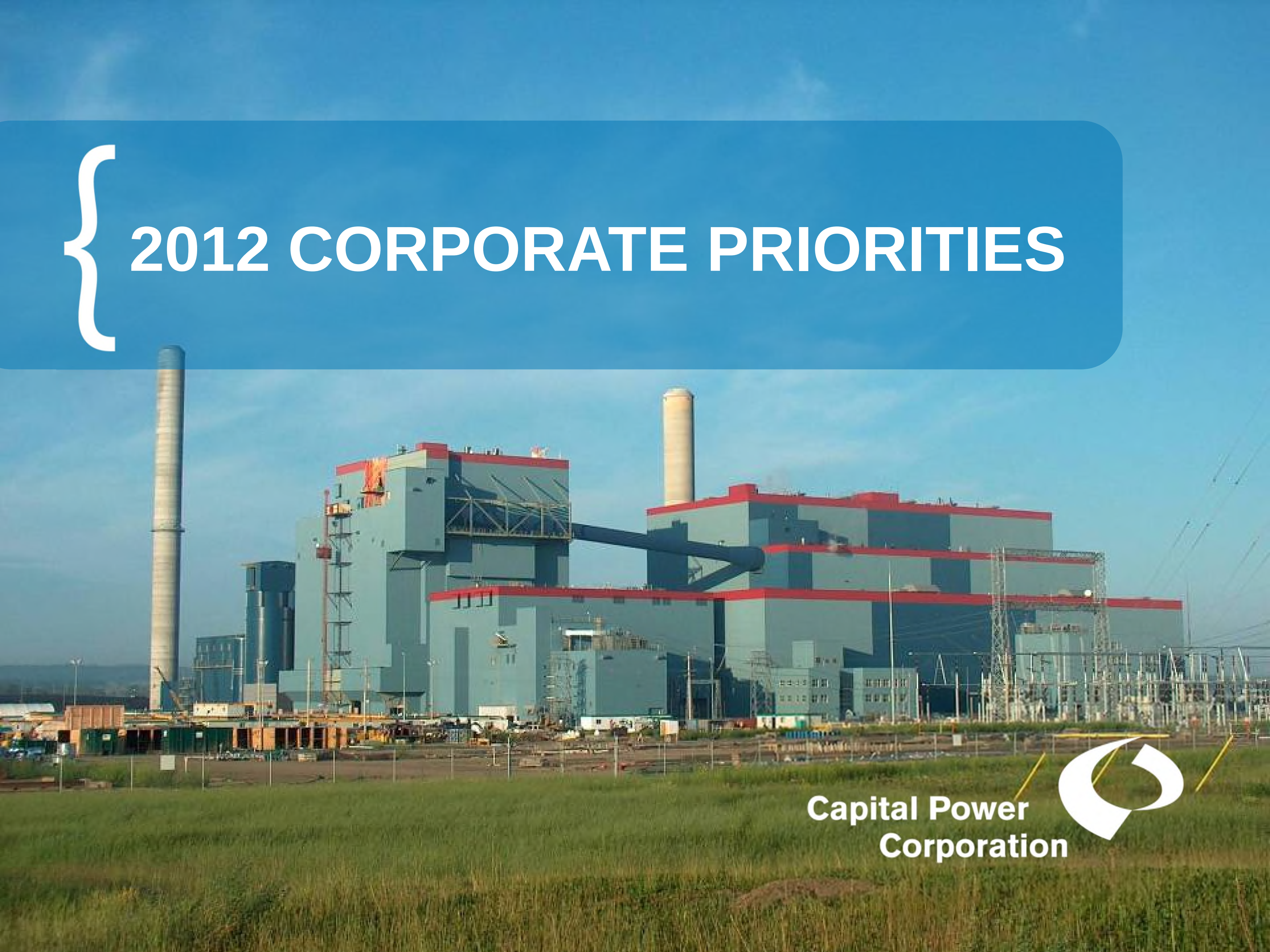
2012 CORPORATE PRIORITIES



2012 Corporate priorities

Priority: Deliver strong operational performance from a young, well-maintained generation fleet

Operational targets

Performance measure	2012 target
Plant availability average	≥ 91% or greater
Capex for plant maintenance, Genesee mine extension, and other	≤ $108M
Maintenance and operating expenses	$215M to $235M

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2012 Corporate priorities (cont'd)

***Priority:* Enhance value for shareholders by delivering accretive growth from current developments and identifying and committing to new opportunities that meet CPC's investment criteria**

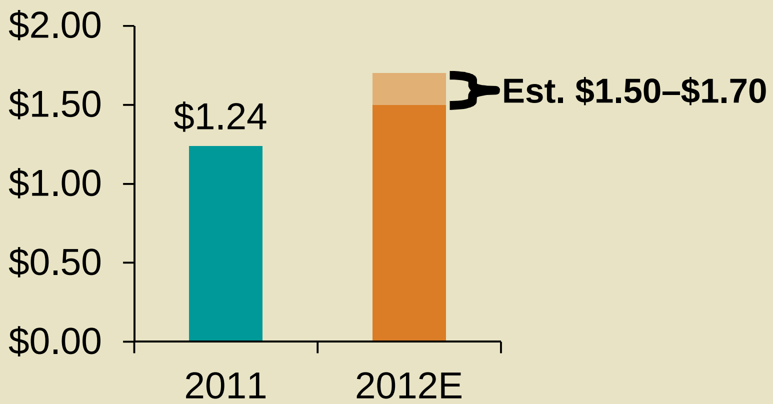
Development and construction targets

Performance measure	2012 target
Quality Wind and Halkirk wind projects	Continue on time and on budget with CODs expected in Q4/12
Port Dover & Nanticoke and K2 wind projects	Full notice to proceed in 2012

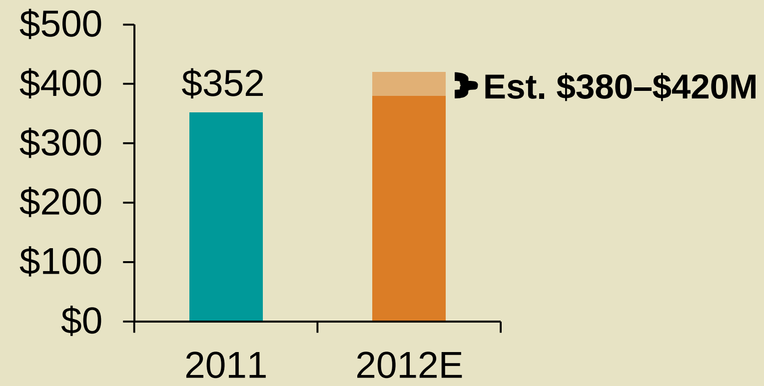
2012 Corporate priorities[1] (cont'd)

Priority: Deliver on substantial growth in cash flow and normalized EPS

Normalized EPS

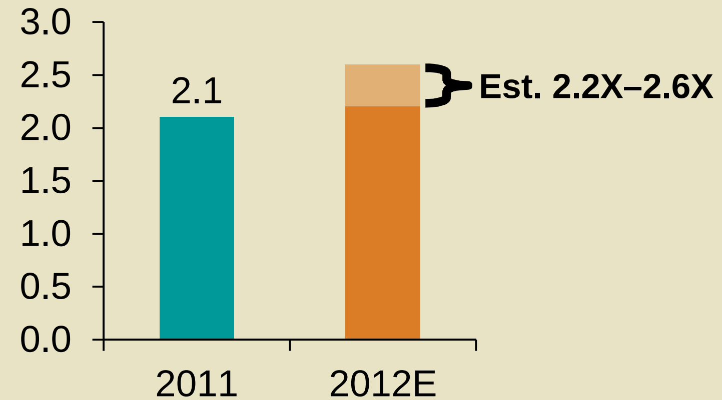


Funds from operations



Cash flow per share

Dividend coverage ratio



(1) Non-GAAP financial measures; see slide 3 for discussion of Non-GAAP measures.

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Summary

Capital Power's strategy drives results

- Strong Q4 performance contributes to double-digit year-over-year gains in cash flow
- Networked hub strategy and effective portfolio management successfully mitigates outage impacts
    - 99% availability at Clover Bar in Q4 helped partially offset lost production from G3
- Young and modern fleet achieves annual plant availability of 92%, up from 90% in 2010
- Majority of original 2011 financial targets exceeded
    - Normalized EPS of $1.24 meets guidance

Outlook

- Continued execution of our strategy to produce visible, substantial and growing cash flow
- Normalized EPS, FFO and Cash flow per share for 2012 are expected to exceed 2011 levels

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QUESTIONS?

Forward-looking information

Forward-looking information or statements included in this presentation are provided to inform the Company's shareholders and potential investors about management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information in this presentation is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information in this presentation includes information with respect to: (i) expectations related to future earnings and funds from operations; (ii) expectations regarding the future pricing of electricity and market fundamentals in existing and target markets; (iii) expectations regarding fuel supply and pricing; (iv) expectations related to the Company's future cash requirements including interest and principal repayments, capital expenditures and dividends; (v) expectations for the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings; (vi) expectations regarding future growth and emerging opportunities in the Company's target markets including the focus on certain technologies; (vii) expectations regarding the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions; and (viii) expectations regarding plant availability and capital expenditures for maintenance.

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 relate to: (i) electricity and other energy prices, (ii) performance; (iii) business prospects and opportunities including expected growth and capital projects; (iv) status of and impact of policy, legislation and regulations; (v) effective tax rates; and (vi) other matters discussed under Outlook in Management's Discussion and Analysis.

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 material risks and uncertainties are: (i) power plant availability and performance including maintenance expenditures; (ii) changes in electricity prices in markets in which the Company operates; (iii) regulatory and political environments including changes to environmental, financial reporting and tax legislation, (iv) acquisitions and developments including timing and costs of regulatory approvals and construction; (v) ability to fund current and future capital and working capital needs; (vi) changes in energy commodity market prices and use of derivatives; (vii) changes in market prices and availability of fuel; and (viii) changes in general economic and competitive conditions. See Risks and Risk Management in Management's Discussion and Analysis for further discussion of these and other risks.

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. 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.

Discretionary cash flow

The Company uses discretionary cash flow as a measure of the Company's available cash to reinvest into the business after paying sustaining capital expenditures and declared dividends and distributions to common and preferred shares. Discretionary cash flow is not a defined financial measure according to GAAP and does not have standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures used by other enterprises. This measure should not be considered an alternatives to net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, this measures is provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective.

A reconciliation of "net cash flows from operating activities" to "funds from operations excluding non-controlling interests in CPILP" is referenced under Non-GAAP Financial Measures in the Company's Management's Discussion and Analysis dated March 13, 2012 for the year ended December 31, 2011 which is available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at www.capitalpower.com.

A reconciliation to Funds from operations excluding non-controlling interests in CPILP is as follows:

(unaudited, $millions)	**Year ended December 31**	
	2011	**2010**
Funds from operations excluding non-controlling interests in CPILP	**$ 352**	**$ 277**
CPLP sustaining capital expenditures	(92)	(67)
CPLP's share of CPILP sustaining capital expenditures	(6)	(2)
Funds available for distribution	**$ 254**	**$ 208**
Common share dividends declared	60	30
Distributions to exchangeable common limited partnership unitholders of CPLP declared	57	68
Preferred share dividends declared	6	-
Total dividends and distributions declared	**$ 123**	**$ 98**
Discretionary cash flow	**$ 131**	**$ 110**

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Investor Relations contacts

Randy Mah

Senior Manager

(780) 392-5305

rmah@capitalpower.com

www.capitalpower.com

Chris Williams

Senior Analyst

(780) 392-5105

cwilliams@capitalpower.com

www.capitalpower.com

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