CAPITAL POWER

ANALYST CONFERENCE CALL
Q2/12 REVIEW

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July 27, 2012

Quality Wind, BC, July/12

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 21 of this presentation and in the Company's second quarter 2012 Management's Discussion and Analysis (MD&A) dated July 26, 2012 which has been filed on SEDAR (www.sedar.com).

Non-GAAP financial measures

The Company uses (i) earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange losses, and gains on acquisitions and disposals (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 and do not have standardized meanings prescribed by GAAP, and are therefore unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to gross income, net income, net income attributable to Shareholders of the Company, 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 these Non-GAAP financial measures are contained in the Company's Management's Discussion and Analysis dated July 26, 2012 for the three months ended June 30, 2012 which is available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at www.capitalpower.com.

Q2 Summary

Q2 financial performance typically weaker due to seasonally lower power prices and outage scheduling

- Q2/12 normalized earnings of $0.07 per share was flat YOY; results reflected usual seasonal softness
    - Average AB spot power price was $40/MWh in Q2/12
- Normalized earnings were $8M or $0.06 per share below expectations due to an unplanned outage at the Bridgeport facility and higher maintenance and fuel costs at the North Carolina facilities

Impairment of North East U.S. assets

- Recognized a pre-tax impairment charge of $74M based on reduced expected operating margins for the NE U.S. facilities
    - Largely as a result of weaker spark spreads in the NE U.S. power market and other changes since the Apr/11 acquisition of the assets
    - Under IFRS reporting, higher frequency of impairment charges and reversals for long-term assets with commodity exposures than in the past
- No cash flow impact

Q2 Summary (cont'd)

Announced sale of hydro facilities

- Jun/12, an agreement reached to sell Brown Lake and Miller Creek hydro facilities to Innergex Renewable Energy for $69.2M
- ~$16M gain expected to be recognized in Q3/12 upon closing of the transaction in Aug/12

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Q2/12 Operating performance

On track to meet full year availability target of 91% or greater

Plant Availability		Q2/12	Q2/11
Alberta commercial plants	Genesee 3	95%	100%
	Keephills 3	100%	N/A
	Joffre	99%	78%
	Clover Bar Energy Centre	97%	65%
Alberta contracted plants	Genesee 1	97%	81%
	Genesee 2	72%	99%
Ontario and BC contracted plants	Kingsbridge 1	99%	99%
	Island Generation	100%	100%
North East US commercial plants	Bridgeport	35%	100%
	Rumford	84%	99%
	Tiverton	77%	97%
North Carolina US contracted plants	Roxboro	84%	N/A
	Southport	87%	N/A
	Average	**82%**	**91%**

- Average availability in Q2/12 of 82% versus 91% in Q2/11
- Scheduled outages at Genesee 2, Bridgeport, Rumford, Tiverton, and North Carolina facilities completed
- Bridgeport facility also experienced an ~6-week unplanned outage due to a condenser leak; back in service June 11

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Q2 Financial performance
2012 Outlook

Financial performance – Q2/12

$M, except per share amounts	Q2/12	Q2/11	% Change
Revenues and other income[1]	**$272**	$350	(22%)
EBITDA[1,2]	**$72**	$73	(1.4%)
Earnings (Loss) per share	**($0.50)**	($0.67)	25%
Normalized earnings per share	**$0.07**	$0.07	–
Funds from operations excluding non-controlling interests in CPILP	**$54**	$65	(17%)
Cash flow per share	**$0.55**	$0.74	(26%)

Financial results reflect seasonally weak quarter, New England impairment, Bridgeport outage and North Carolina operations

(1) Before unrealized fair value changes in derivative instruments, natural gas inventory held for trading, and foreign exchange and natural gas contracts. Excludes Capital Power Income L.P.
(2) Earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange losses and gains on acquisitions and disposals.

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AB commercial plants & portfolio optimization

Portfolio optimization continues to deliver value

Segment contributed $55M EBITDA in Q2/12, up 25% over prior year

Increase primarily driven by two components:

- Portfolio optimization performance driven by strategies which sold forward length at prices higher than the spot market
    - Realized price for AB commercial portfolio in Q2/12 was $60/MWh, well above $40/MWh average AB spot price
    - Lower AB spot prices reflected unusually mild weather, the impacts of lower natural gas prices, healthy baseload supply and higher output from wind generation
- Keephills 3 (COD Sept/11) contributed a full quarter of production

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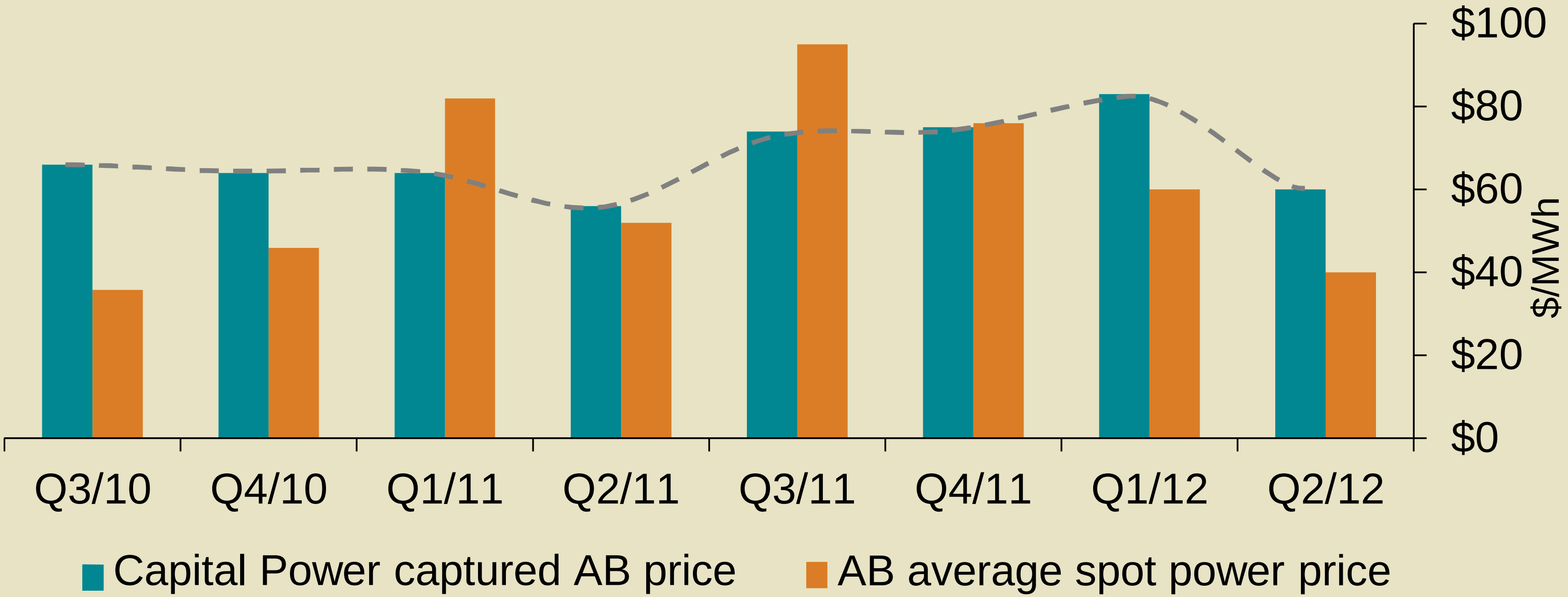
Capturing upside from AB power prices

CPX's average realized power price has exceeded spot power prices by ~$6.90/MWh over the past 2 years through forward contract sales and power trading activities



Trading has reduced volatility from fluctuating power prices

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AB commercial portfolio positions

- Alberta portfolio hedged positions for AB baseload plants and Sundance PPA (% sold forward)

Jul-Dec 2012	2013	2014
Hedged positions (% hedged)		
91%	28%	5%
Average hedged prices ($/MWh)		
High-$60	Mid-$60	Low-$60

Summer pricing off to a good start with July[1] average spot price in the $80/MWh range

(1) As of July 20/12

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North Carolina U.S. contracted plants

- No EBITDA contribution from Roxboro and Southport in Q2/12, compared with $2M in Q1/12
- Performance lower than expected primarily due to reduced energy margins from lower than expected heat rates and higher maintenance and fuel costs
- Higher maintenance costs reflected planned outages that took longer than expected
- Expect lower fuel costs in latter half of the year based on improved fuel mix, higher fuel quality and lower maintenance costs, resulting in a $6M EBITDA forecast for H2/12

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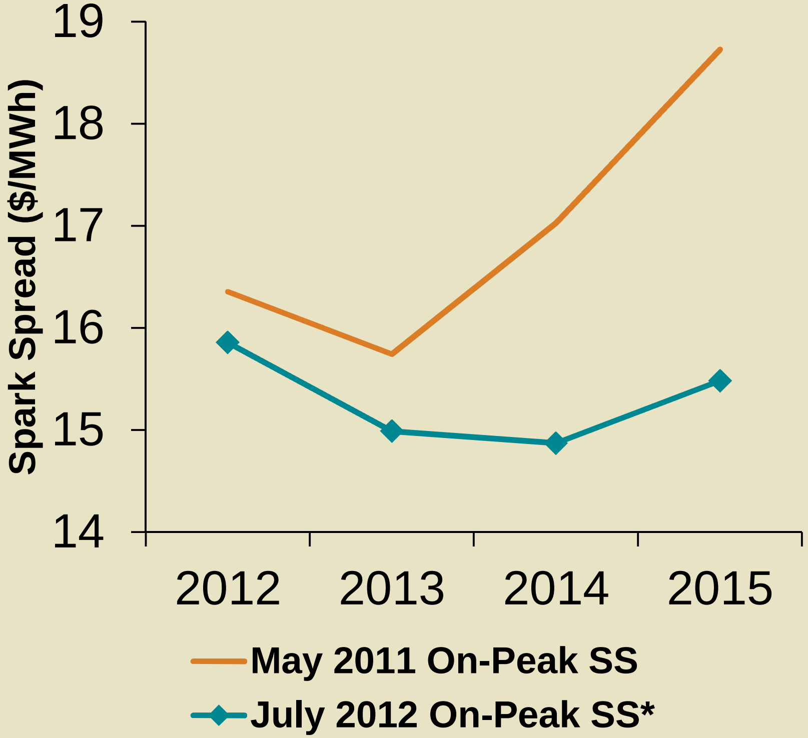
Impairment of North East U.S. Assets

- Under IFRS, impairment charges and reversals will be more frequent than in the past
- Recognized a pre-tax impairment charge of $74M primarily due to lower current and forecasted spark spreads
- Fair value paid was consistent with other transactional values in the market at the time
- No cash flow impact

On-peak Spark Spreads (MassHub) Forwards



*Jul/12 On-Peak SS includes actual day-ahead spark spreads from Jan–Jun/12

If operating margins strengthen as expected, a portion of the impairment loss could be reversed

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2012 Outlook

Latest 2012 financial guidance unchanged despite a decline in power prices in Q2/12 in both the Alberta and New England markets

- 2012 Normalized earnings per share is expected to be slightly under the low end of the target range based on revised AB forward power prices which have decreased by ~$10/MWh and revised full year spark spreads for the North East U.S. region which have decreased by ~US$4/MWh
- New England facilities are expected to contribute $33M of EBITDA in 2012
- North Carolina plants are expected to contribute $6M of EBITDA in H2/12 based on expected lower fuel costs (ie. higher fuel quality and improved fuel mix) and lower maintenance costs compared to H1/12
- Alberta commercial position 91% hedged for balance of 2012
- Commercial operation of Quality Wind and Halkirk Wind projects are expected in Q4/12

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2012 Outlook (cont'd)

- Sundance plant owner (TransAlta or TA) provided notification on a force majeure claim for up to $39M relating to the Q3/11 outage of Unit 6 due to a transformer failure
  - We have a 52% interest in the Sundance PPA for Units 5 and 6
  - Contractually responsible for paying our share of the claimed amount in advance of final determination
  - Our view is that the claim will not meet the PPA specified tests; expect to record our share of the claimed amount when it is paid as an amount receivable until final resolution of the claim
- On Jul 23/12, TA reported the independent arbitration panel's decision regarding its claims of force majeure and destruction for its Sundance Units 1 & 2. As a result of the decision:
  - TA expects to return the Sundance Units 1 & 2 to service in the fall 2013
  - Units will add 560 MWs of power to the AB market, which is expected to decrease AB power prices
  - CPC's earnings and cash flow negatively impacted when the units return until such time as equivalent demand increases or existing supply is retired from the market

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2012 CORPORATE PRIORITIES

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2012 Corporate priorities

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

Operational targets

Performance measure	2012 target	H1 Results	Status
Plant availability average	≥ 91%	**89%**	**On track**
Sustaining capex	≤ $108M	**$50M**	**On track**
• Plant maintenance	$80M		
• Genesee mine maintenance	$6M(1)		
• Other	$22M(2)		
Maintenance and operating expenses	$215M to $235M	**$105M**	**On track**

(1) Estimate of $6M excludes approximately $16M related to purchase of lands for ongoing expansion of the Genesee mine
(2) Includes Information technology and other maintenance

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2012 Corporate priorities (cont'd)

Enhance value for shareholders by delivering accretive growth from current developments

Development and construction targets

Performance measure	2012 target	Status
Quality Wind and Halkirk wind projects	Continue on time and on budget with CODs expected in Q4/12	**On track**
Port Dover & Nanticoke and K2 wind projects	Full notice to proceed in 2012	**K2, full notice to proceed revised to 2013. Expected 2014 COD unchanged** **PD&N on track**

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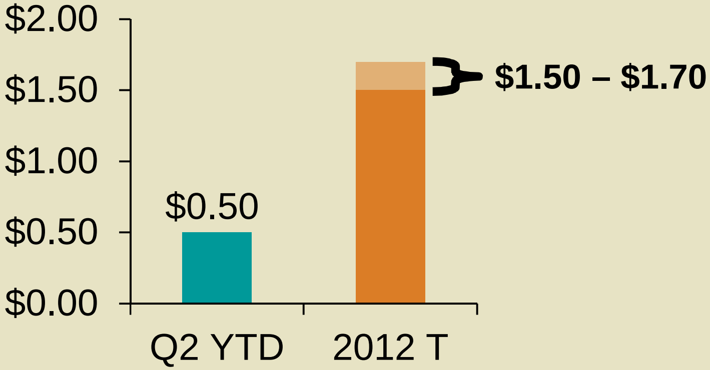
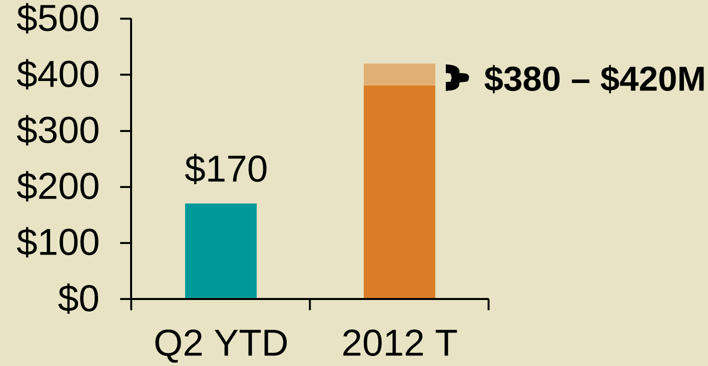
2012 Corporate priorities (cont'd)

Deliver on substantial growth in cash flow and normalized EPS

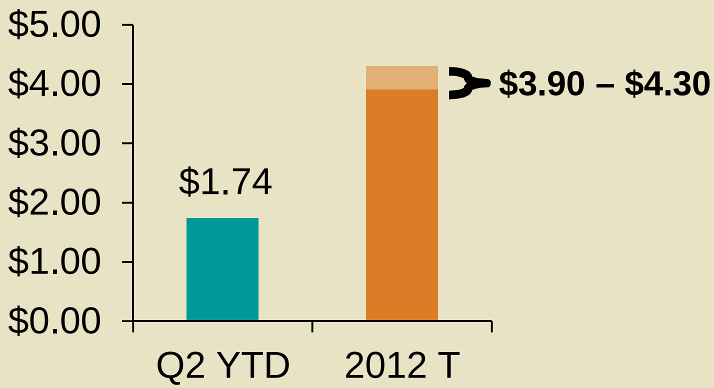
Normalized EPS (NEPS)



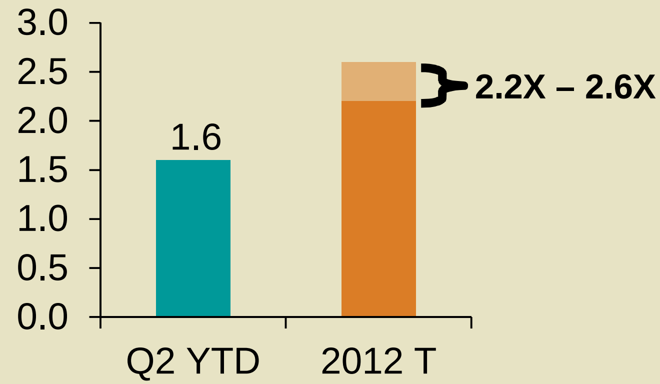
Funds from operations



Cash flow per share



Dividend coverage ratio



NEPS expected to be slightly under low end of target range based on revised lower AB forward power prices and NE U.S. spark spreads

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 the Performance Overview and Outlook sections 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.

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