

CAPITAL POWER

INVESTOR DAY

2013

December 5, 2013



Forward-looking information

Cautionary statement

Certain information in today's presentations 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.

Please refer to the forward-looking information slides at the end of the presentation and in our disclosure documents filed with securities regulators on SEDAR, which contain 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.

The forward-looking information contained in today's presentations is provided for the purpose of providing information about management's current expectations and plans relating to the future. Such information may not be appropriate for other purposes.

Our management team



Brian Vaasjo
President & CEO



Kate Chisholm
SVP Legal & External Relations



Todd Gilchrist
SVP Human Resources, Health, Safety & Environment



Bryan DeNeve
SVP Corporate Development & Commercial Services



Darcy Trufyn
SVP Operations, Engineering & Construction



Stuart Lee
SVP Finance & CFO

Today's presenters

Agenda – “Top 12” questions from investors

8:30 – 8:40 am	Introduction
8:40 – 10:00	<ol style="list-style-type: none">1. How has Capital Power’s strategy evolved? <i>(B. Vaasjo)</i>2. Why is AB considered to be the most attractive power market in North America? <i>(B. DeNeve)</i>3. Why is Capital Power the preferred way to play the AB power market? <i>(B. DeNeve)</i>4. What is Capital Power doing to drive long term sustained operational excellence? <i>(D. Trufyn)</i>5. Has the financial strategy changed? <i>(S. Lee)</i>
10:00 – 10:15	Break
10:15 – 11:15	<ol style="list-style-type: none">6. What does the growth pipeline look like? <i>(B. DeNeve)</i>7. What is the status of projects under construction? <i>(D. Trufyn)</i>8. What are the financial impacts from the Shepard and K2 Wind projects? <i>(S. Lee)</i>9. What is Capital Power’s cash flow outlook? <i>(S. Lee)</i>10. What is Capital Power’s view on dividends? <i>(S. Lee)</i>11. What are Capital Power’s corporate priorities for 2014? <i>(B. Vaasjo)</i>12. Why invest in Capital Power? <i>(B. Vaasjo)</i>
11:15	Q&A followed by lunch

{ 1. How has Capital Power's strategy evolved?

Brian Vaasjo
President & CEO



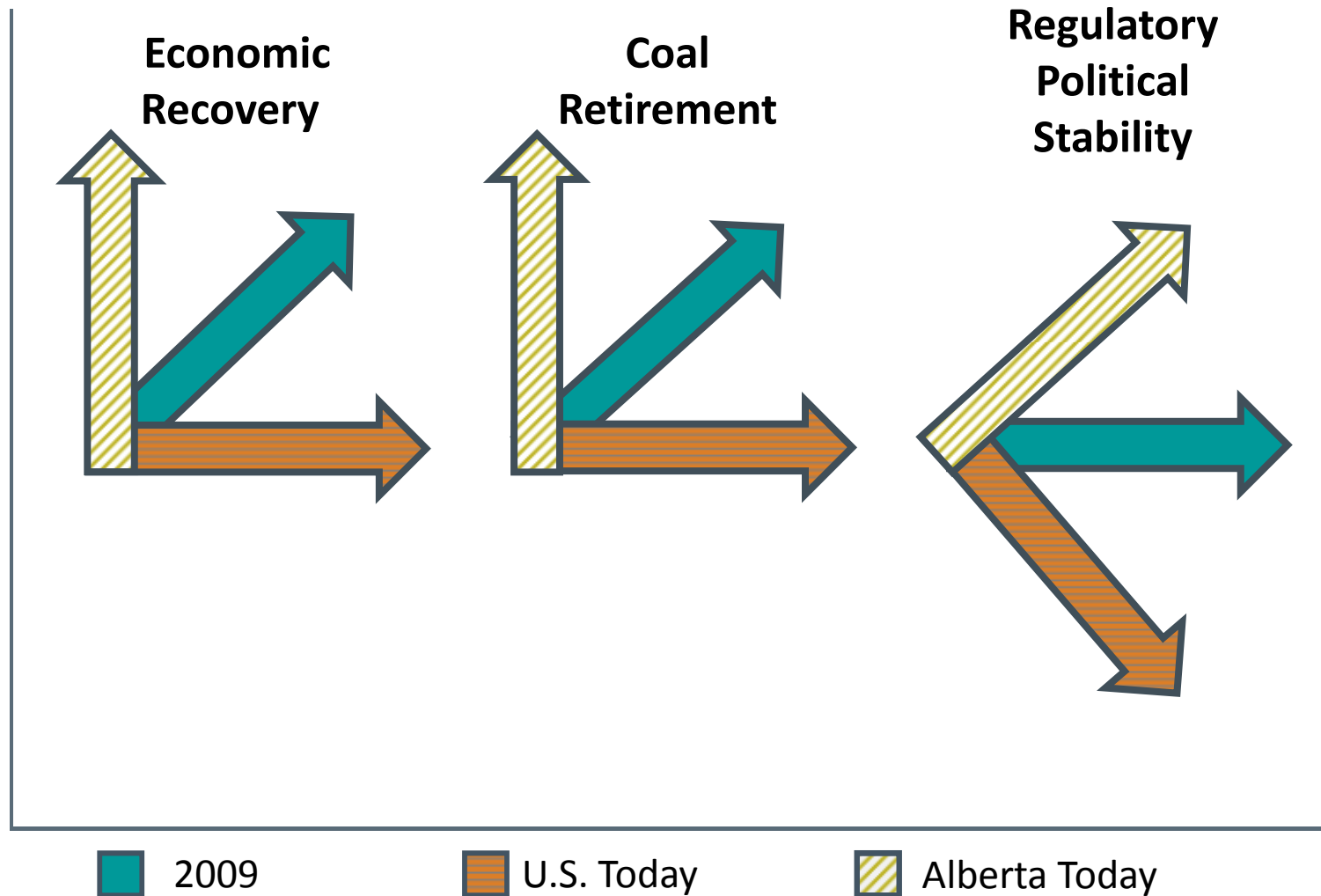
Capital Power's vision

“To be recognized as one of North America’s most respected, reliable and competitive power generators”

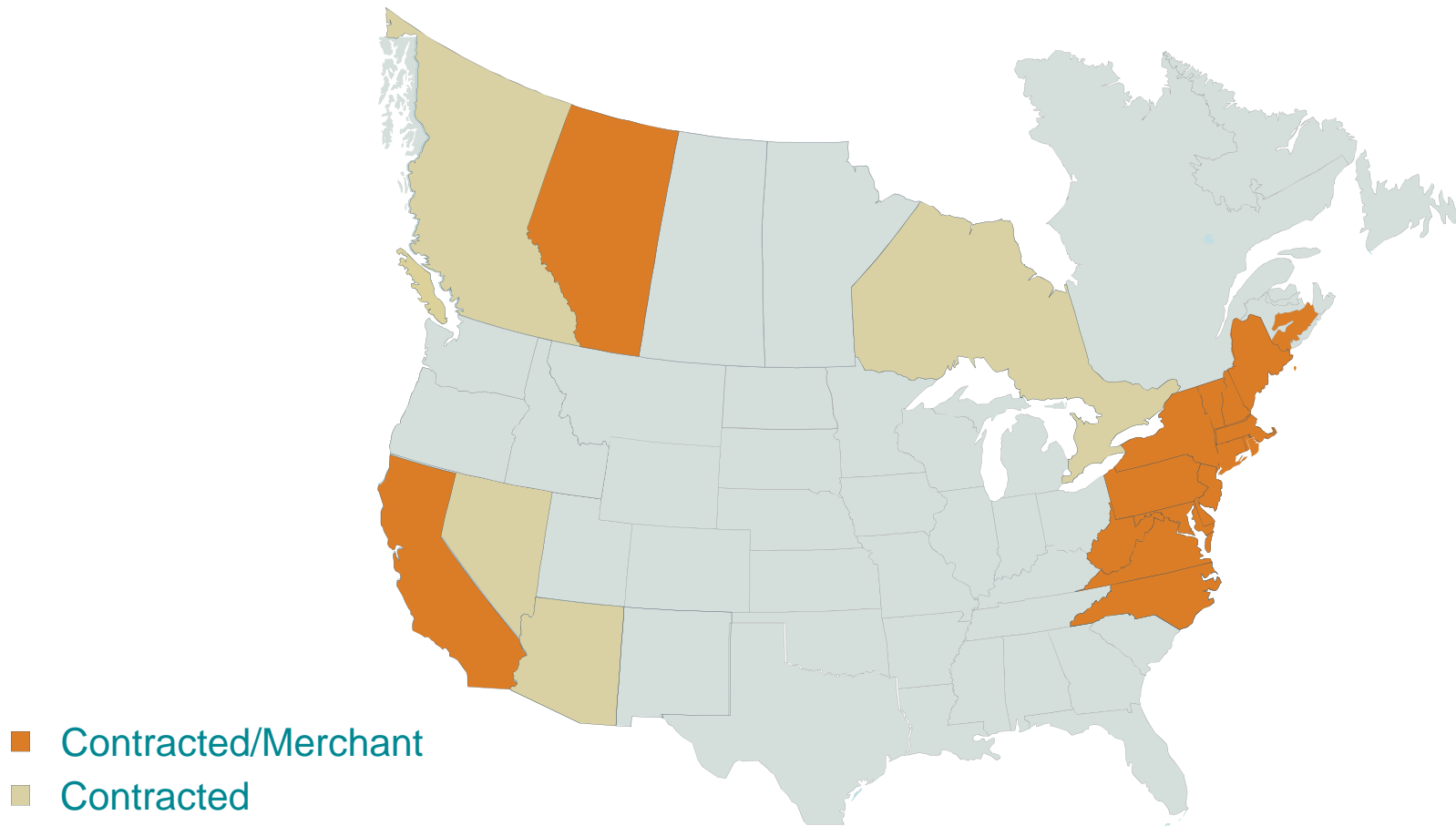
Capital Power strategy

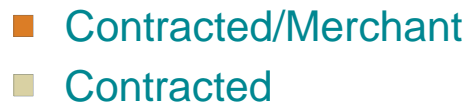
- Operational excellence
 - Quality of assets and maintenance
 - Commodity management to achieve higher realized value and stability
- Financial strategy
 - Maintaining an investment grade credit rating
 - Access to capital at a reasonable cost
 - Maintaining an appropriate level of contracted cash flow
 - Strong support for sustainability and growth of dividends
- Disciplined growth
 - Financial discipline that creates long term shareholder value
 - Asset characteristics
 - Flexible tactics

Power generation outlook

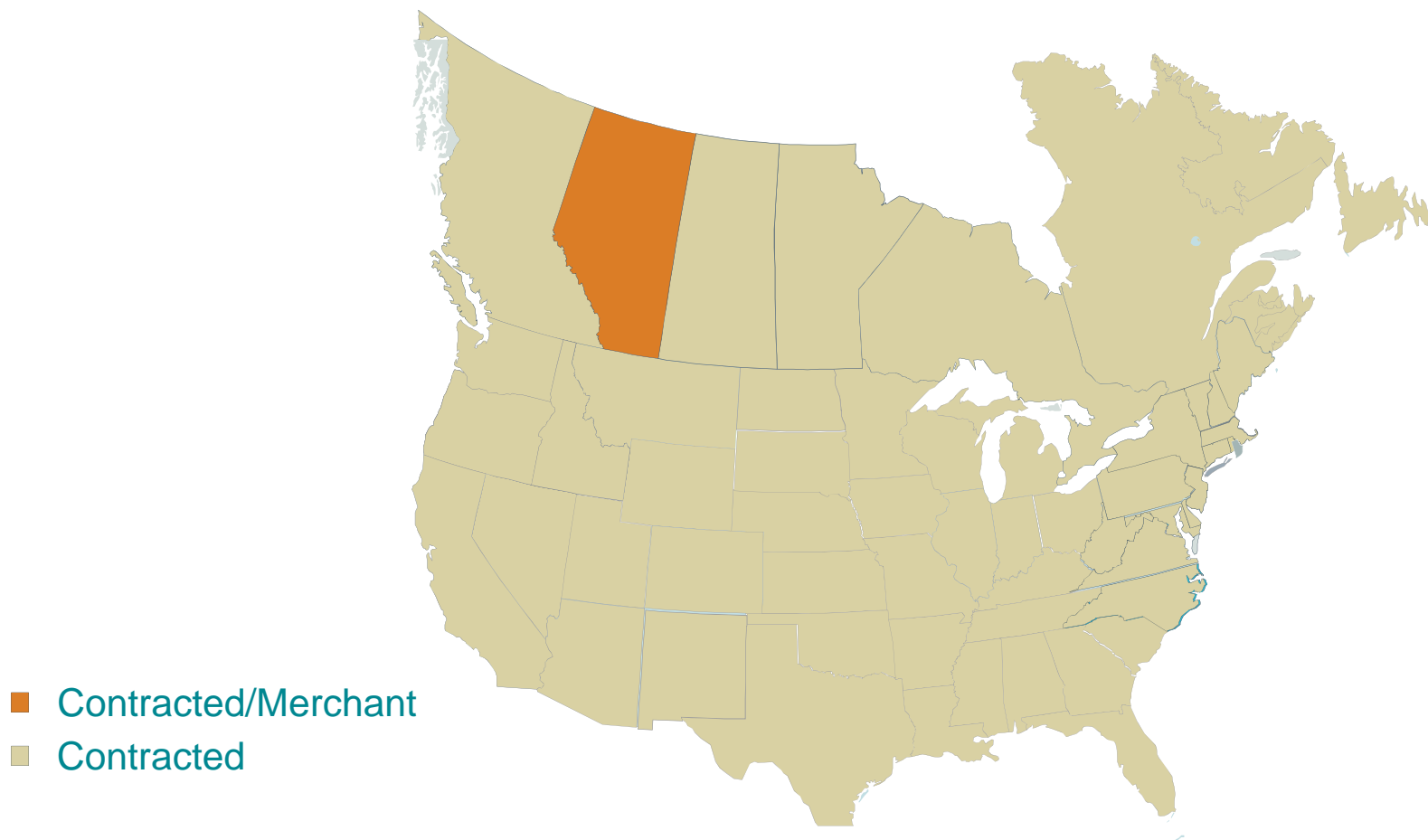


2009





Today



Results

- Operational excellence
 - Great availability
 - Consistent and strong commodity management
 - Interests from 31 assets to 14 assets today
 - Younger fleet with fewer fuel types
 - Cost optimization and risk reduction

- Financial strategy
 - Maintain investment grade credit rating
 - Strong and growing contracted cash flow base

Disciplined growth

- Development and/or construction of 7 assets totalling ~\$3.4B
- Net acquisition of 3 contracted assets for \$0.3B
- Sale of interests in 25 assets for ~\$1.0B
- Balance sheet has grown from \$3.5B to \$5.2B
- Significant contribution to cash flow per share and lower risk profile from net growth
- Own the best fleet of power generation assets in Alberta and getting better
- Short to medium term growth:
 - Construction of K2 Wind and Shepard
 - Development and construction of Genesee 4 & 5
 - Development and construction of contracted assets in Canada and U.S.

{ 2. Why is Alberta considered to be the most attractive power market in North America?

Bryan DeNeve

**SVP Corporate Development &
Commercial Services**



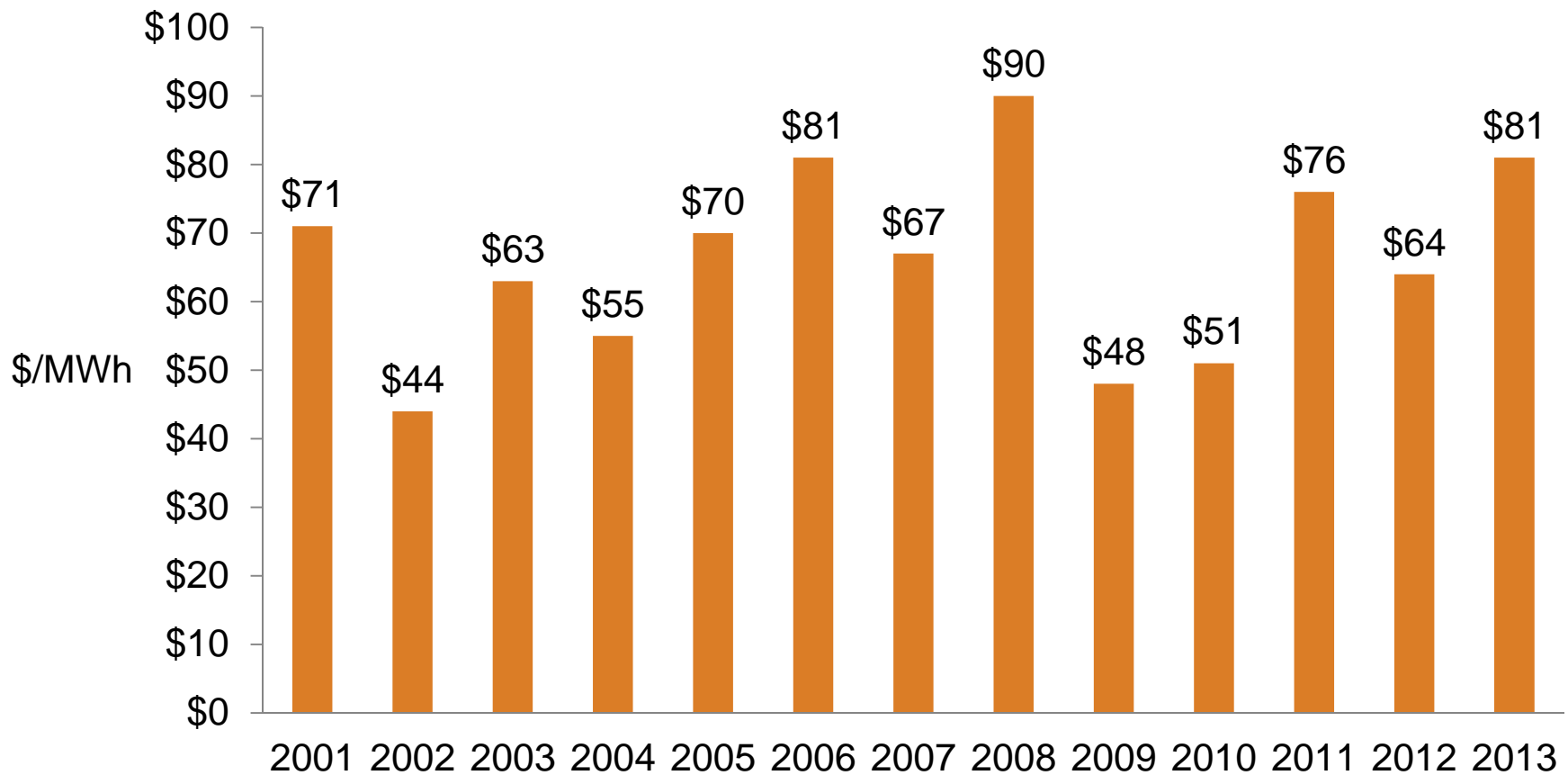
Overview of Alberta market

- Alberta has a competitive wholesale energy and ancillary services market with an installed generation capacity of ~14,000 MW
- No capacity market – generators must recover all costs through revenue earned in Alberta's energy and ancillary services market
- Entire province is a single zone where power prices are determined by the bid price of the incremental power generator (i.e. one with the highest accepted bid sets hourly price) that is dispatched to balance demand and supply in real-time

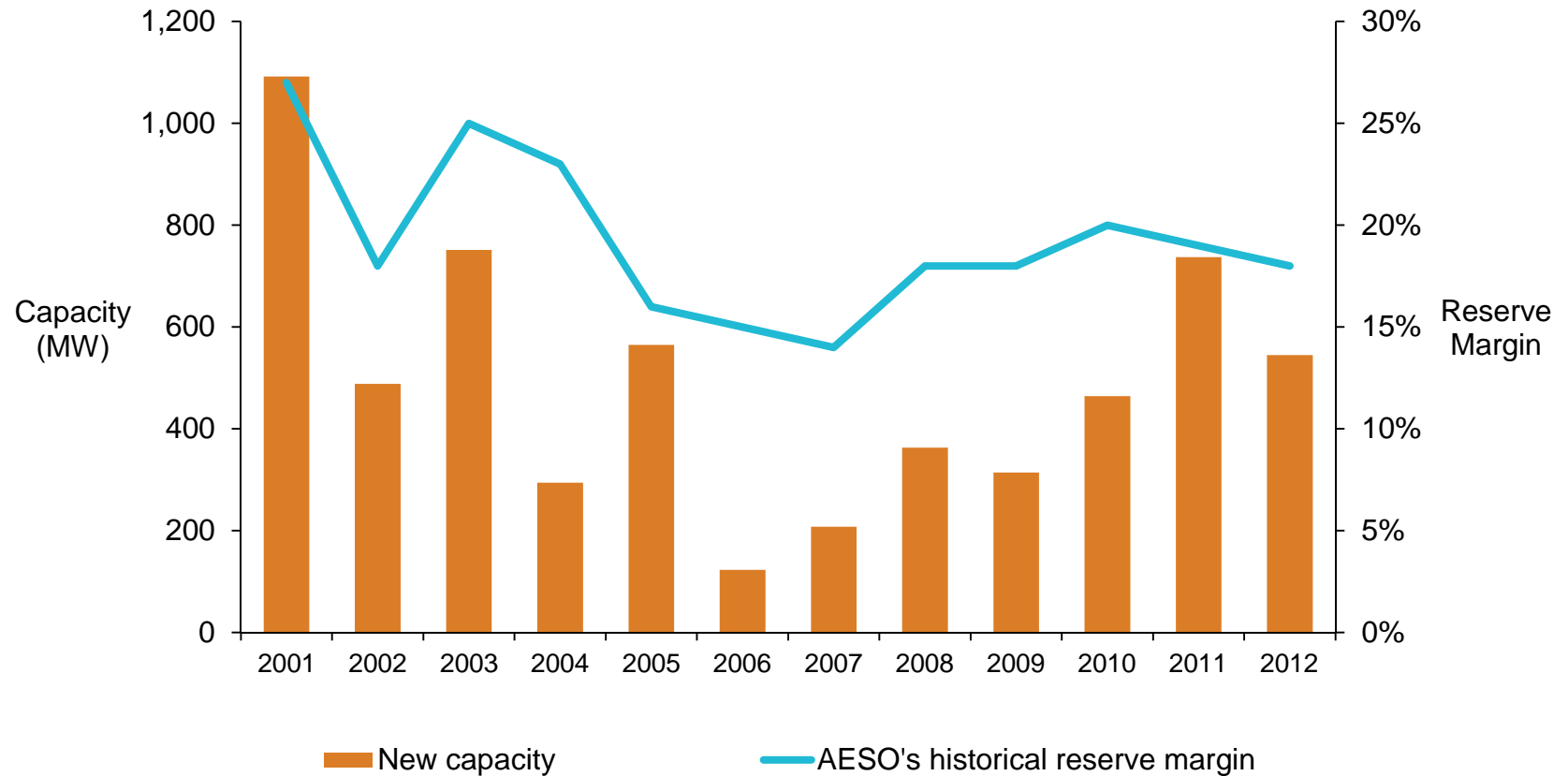
Desirable characteristics of Alberta electricity market

- Adequate price signals
- Stable market design
- Stable environmental policy
- Significant supply retirements
- Strong load growth






Average annual wholesale price reflects the cost of new generation



Stable market design has signalled the addition of 6 GW of new generation

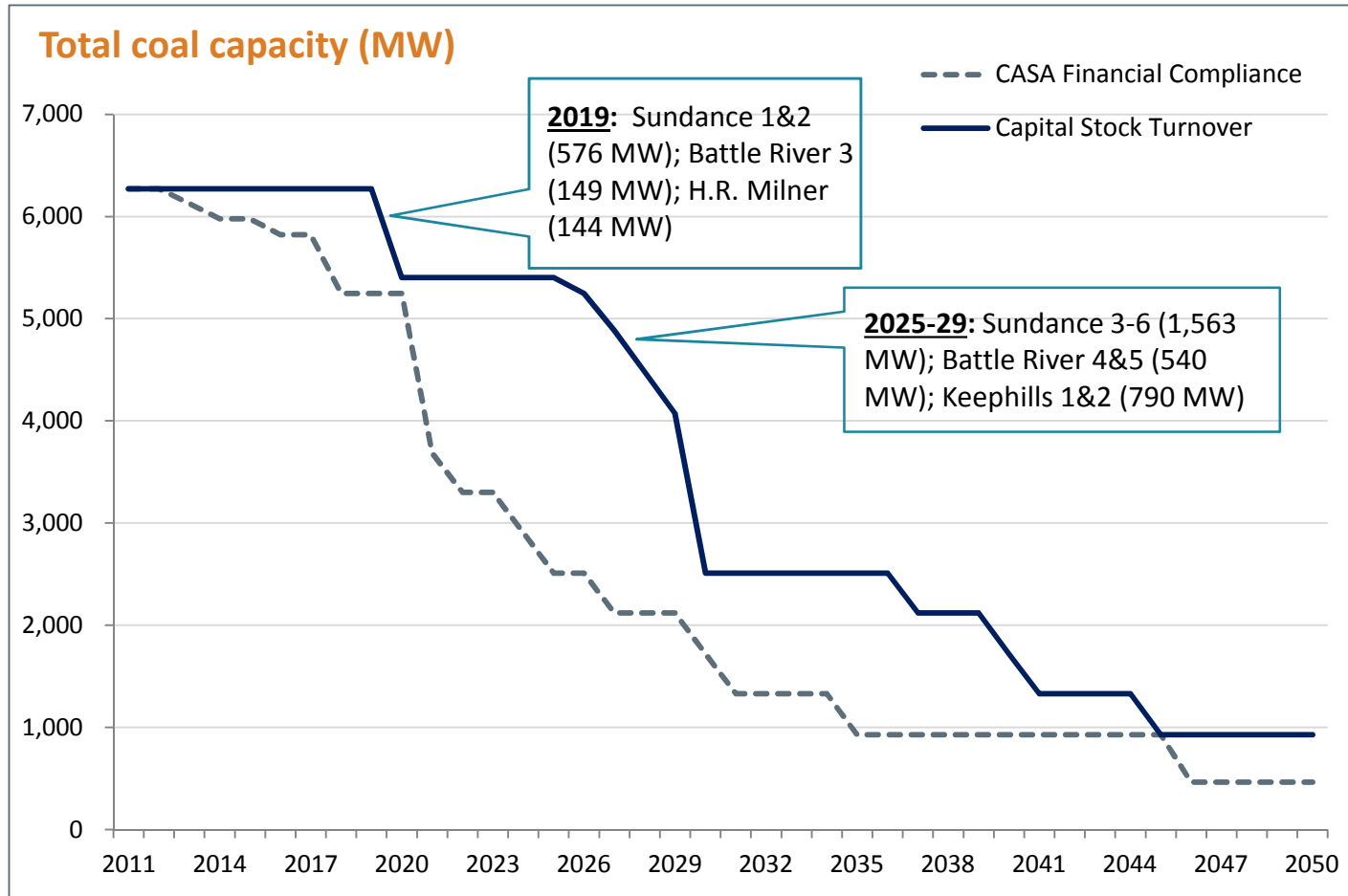


Alberta emissions regulations

-  GHG emissions
-  SO₂ emissions
-  NOx emissions
-  Mercury
-  Particulate matter

Certainty in air emissions regulations will provide for orderly retirements, development of replacement generation, and improving environmental outcomes

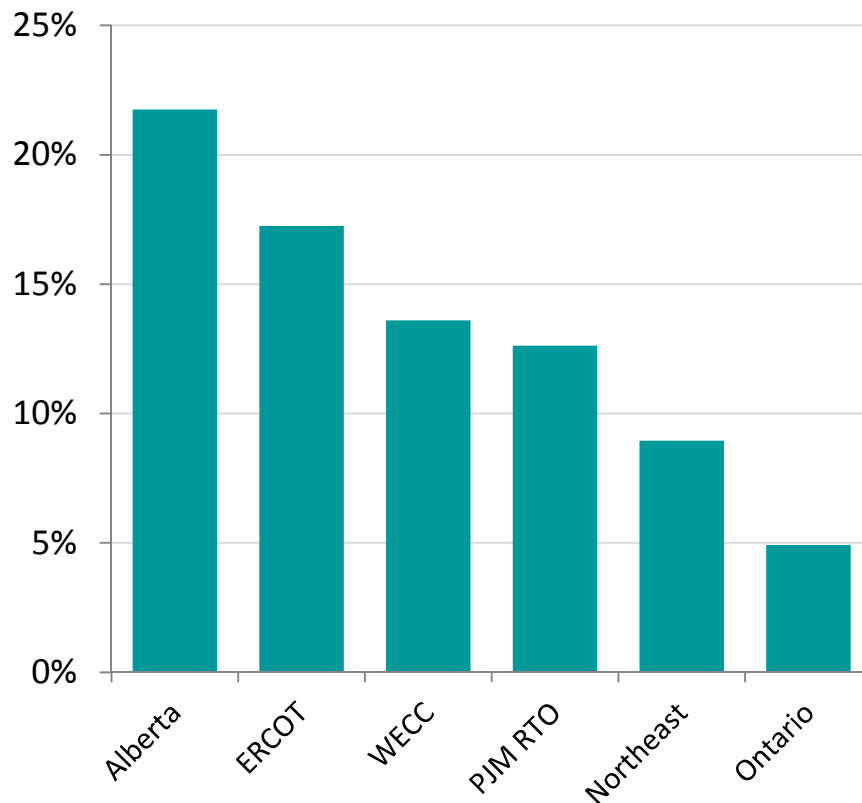
Expected coal unit retirements



Note: CASA Financial Compliance assumes coal-fired capacity retirements at the end of design life as per the Alberta Air Emissions Standards for Electricity Generation CASA framework.

Alberta demand outlook

Growth in total electricity sales (%)
2012 to 2020⁽¹⁾

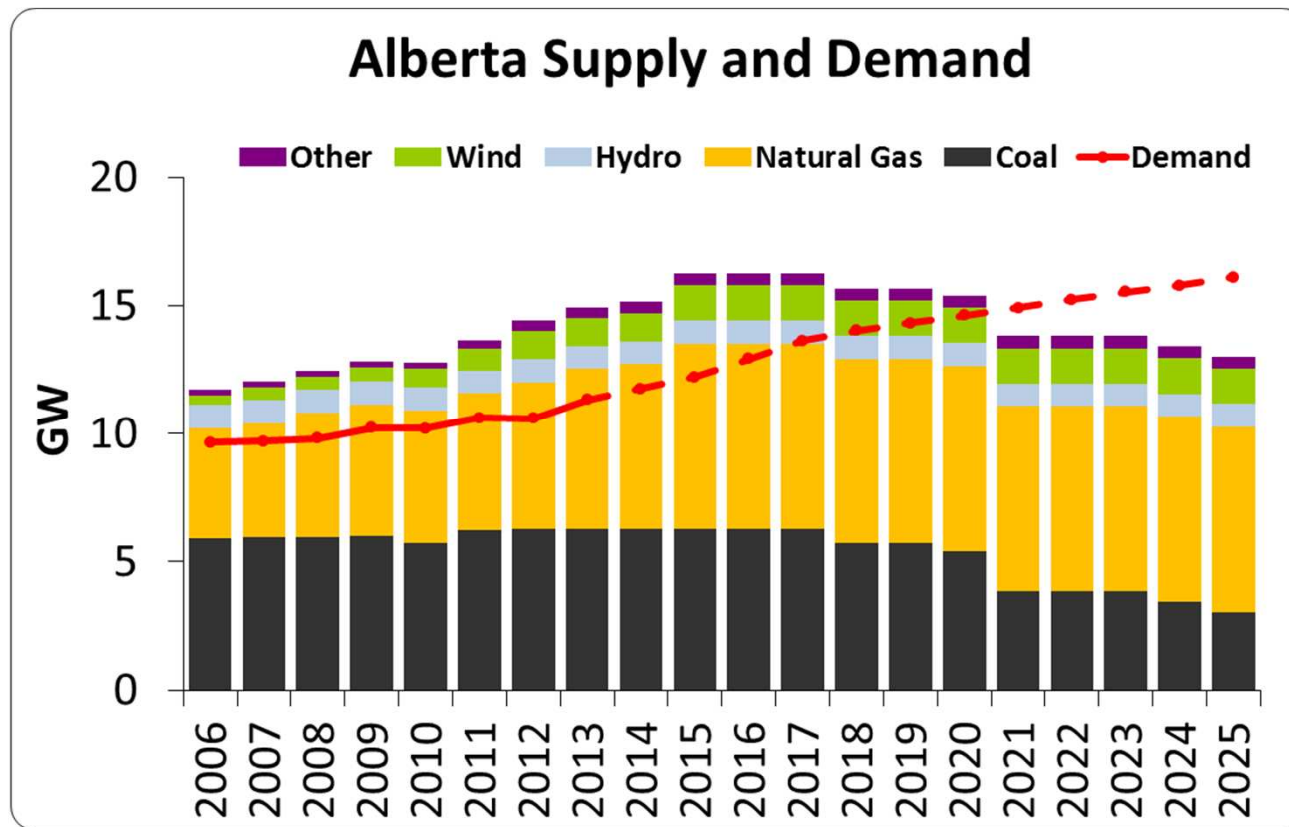


“Alberta’s future power demand outlook is also fairly robust, especially compared with that of most other jurisdictions in North America, because of a strong provincial economy; a growing population from inward migration; and anticipated high growth in the energy sector, especially for shale gas, tight oil, and oil sands production.”

— IHS CERA, Sept/12

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Alberta market

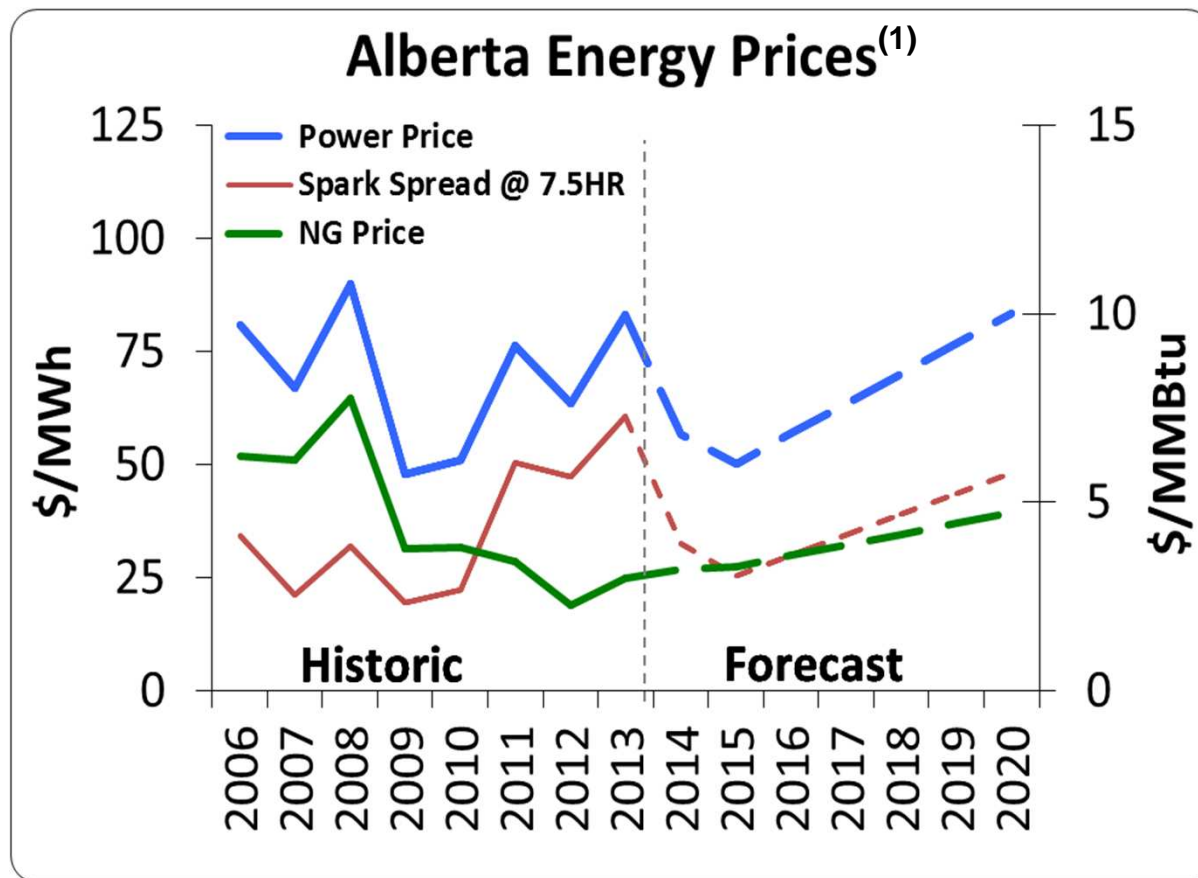


Projected reserve margin signals the need for new capacity in the 2017-2020 timeframe^(1,2)

(1) Source: AESO and CPC estimates - Nov/13.

(2) Coal retirements based on CASA End of Design Life Year (except units that have announced intentions to retrofit or run to Capital Stock Turnover).

Alberta market



Alberta market design expected to continue to provide timely pricing signals for the addition of new supply

(1) Source: AESO and CPC estimates - Nov/13.

Alberta market

“...analysis confirms that, from a resource adequacy and generation investment perspective, the Alberta electricity market is generally well functioning based on current market conditions and policies. The current market design should be able to address the identified resource adequacy challenges and there is no compelling or immediate need for major design changes to address these challenges.”

– *The Brattle Group, Inc., Mar/13*

{ 3. Why is Capital Power the preferred way to play the Alberta power market?

Bryan DeNeve

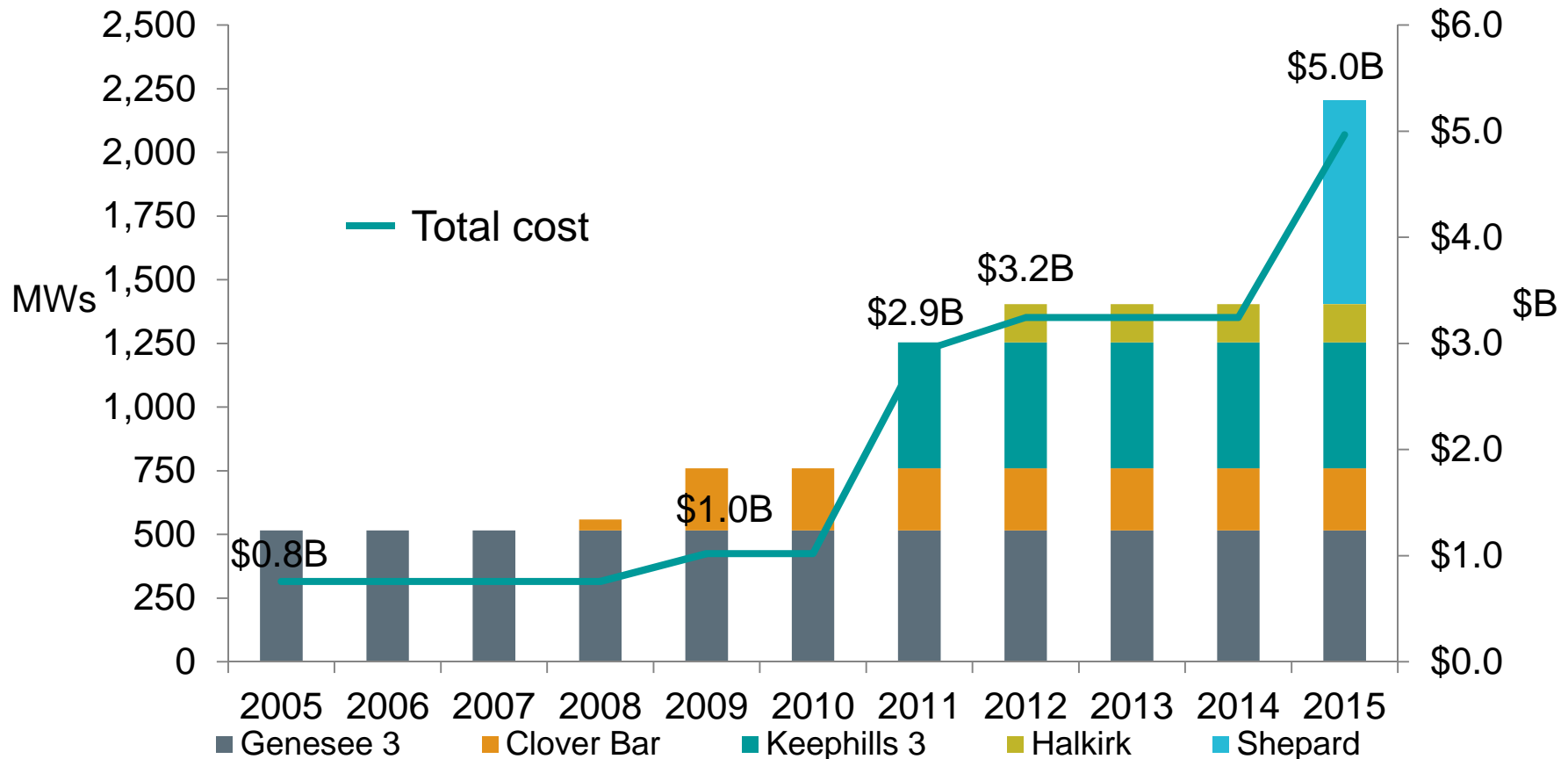
**SVP Corporate Development &
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Strengths of Capital Power in Alberta

- Alberta construction expertise
- Stability and incremental value from active commodity portfolio management
- Diversified assets
- Emissions exposure management
- Growing origination function
- Young generation fleet

Industry leading project development and construction experience in Alberta⁽¹⁾

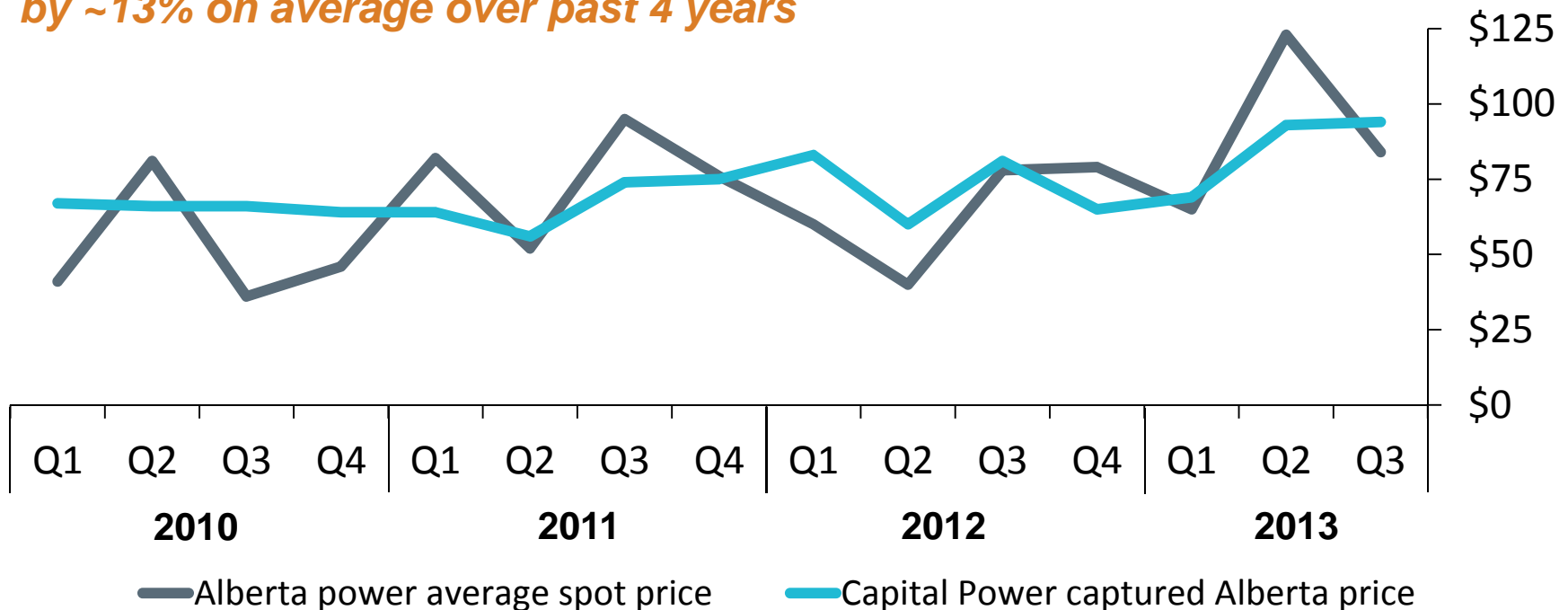


(1) Cumulative total project megawatts and cost.

Capturing upside from Alberta power prices

- Hedging positions based primarily on generation from Genesee 3 and Keephills 3 baseload coal plants and output from the Sundance PPA
- Actively trading throughout various time periods to minimize portfolio risks, create incremental value, and reduce volatility

CPX's average realized power price has exceeded spot power prices by ~13% on average over past 4 years



Diverse generation fleet in Alberta

2,355 MWs in 2015⁽¹⁾



Genesee 1 & 2

- 860 MW low cost baseload coal under PPA through 2020
- 94% availability (2012), 97% (2011)



Joffre Cogen

- 192 MW capacity from jointly-owned mid-merit natural gas combined cycle facility



Genesee 3 & Keephills 3

- 506 MW merchant capacity from jointly-owned & operated plants
- Cleanest coal units in Canada
- Longest average life remaining of 45 years



Clover Bar Energy Centre

- Most responsive peaking facility in the Alberta market
- 98% availability over trailing 8 quarters
- Captures peak pricing, backstops position



Halkirk Wind

- Largest wind farm in Alberta
- Long-term Renewable Energy Credits into California market
- Unique geographical location provides greater captured price



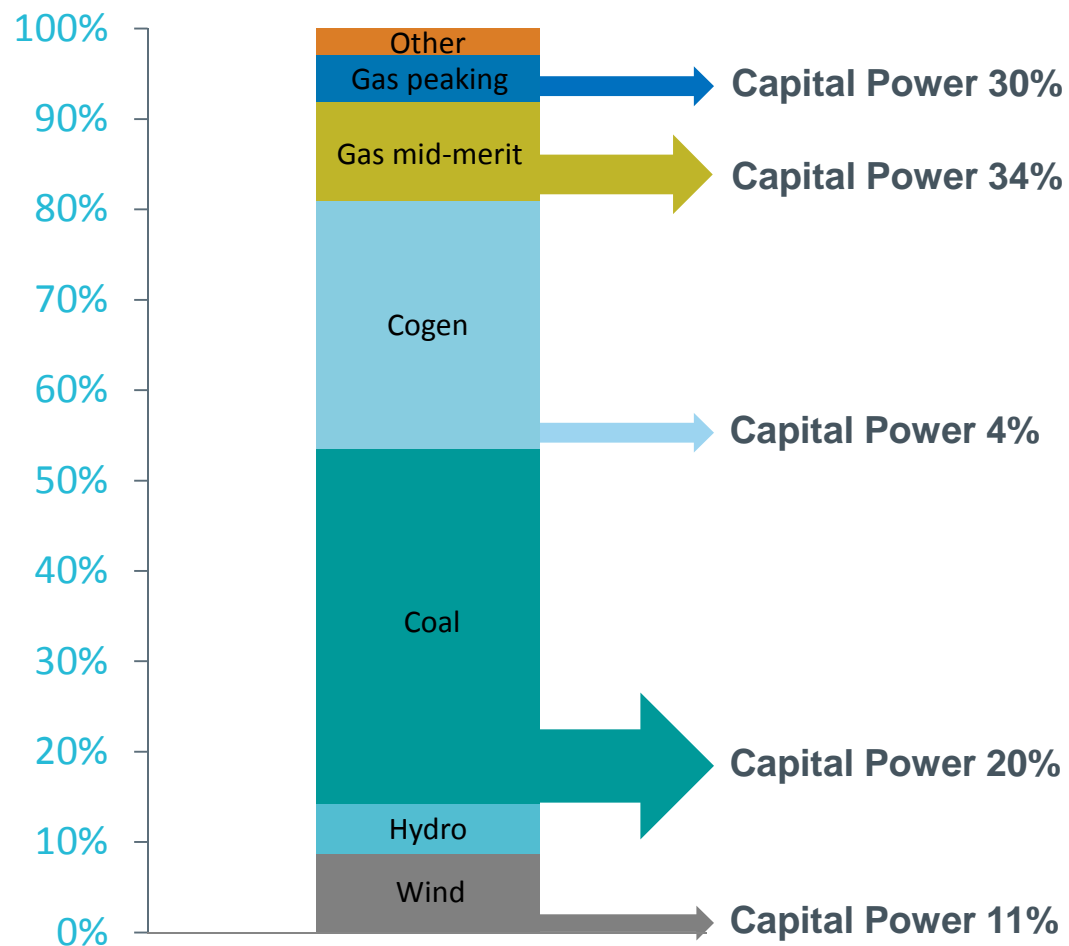
Shepard Energy Centre

- Under construction for COD in early 2015
- 50% JV interest in 800 MW natural gas combined cycle facility
- Most effective gas facility, with lowest heat rate

Well positioned to capture value in Alberta's merchant market

(1) Includes 371 MW merchant capacity from Sundance PPA (low cost baseload coal units 5 & 6)

2015 Alberta power generation stack⁽¹⁾



(1) Capital Power's percentages reflect ownership interest and excludes Sundance PPA.
Source: AESO

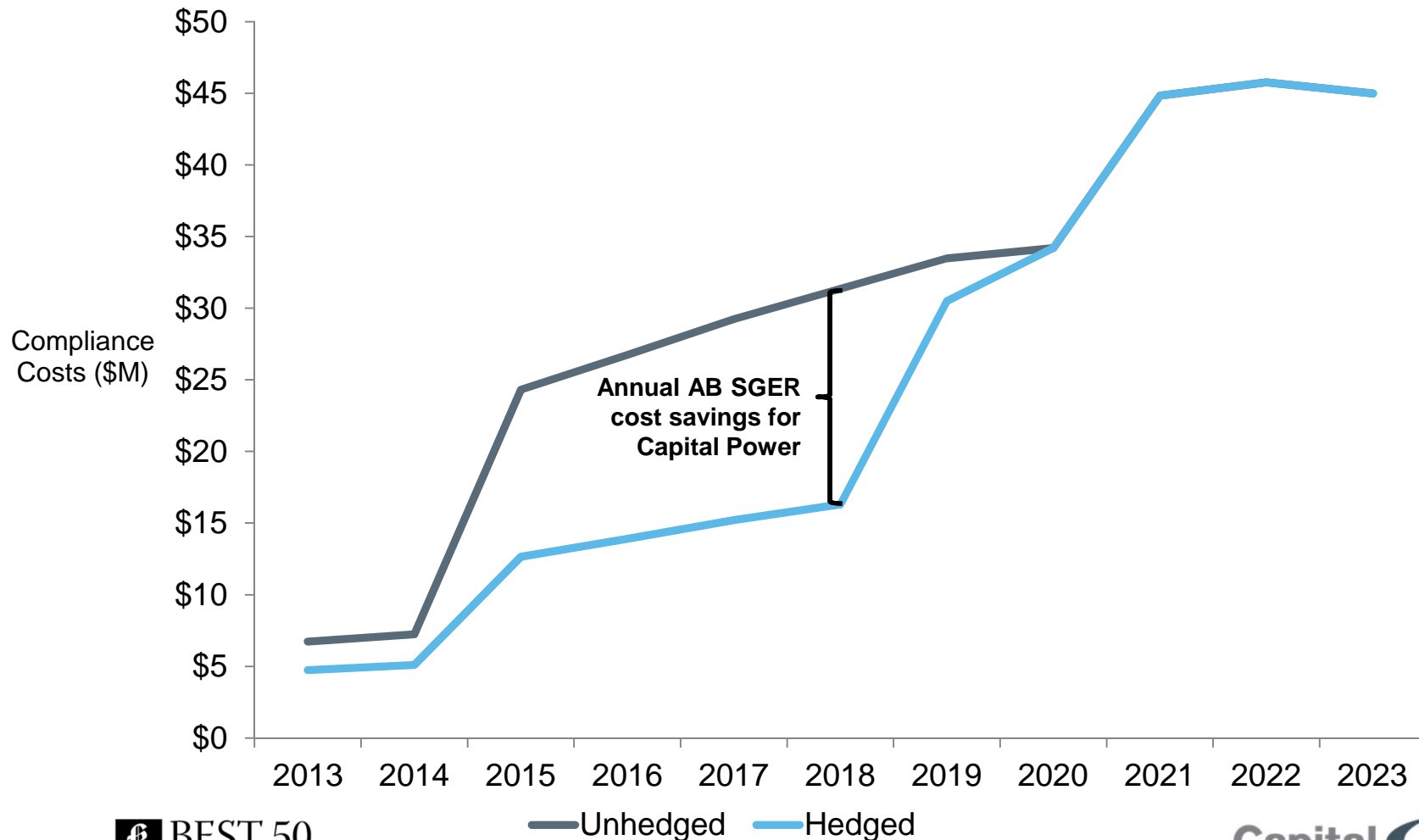
Proven ability to manage environmental commodity exposure

- Dedicated team of five focused on transforming environmental commodity risk into an opportunity – success in doing this has created a competitive advantage through lower compliance costs in Alberta
- This competitive advantage will be strengthened if the Alberta Specified Gas Emitters Regulation (SGER) becomes more stringent, as expected in 2015
- Over \$100M has been committed to or invested in environmental commodities (e.g. GHG offsets and allowances, RECs, etc.)
- Capital Power has neutralized its exposure to GHG regulations in Alberta in the near-term and continues to procure GHG offsets
- Projected value from trading environmental commodities in 2014 is \$3.5M

Capital Power has been actively involved in environmental markets for over a decade and continues to be an industry leader in managing environmental commodity exposure

Renewables and emissions portfolio

Unhedged vs hedged Capital Power Alberta SGER compliance costs 2013-2017

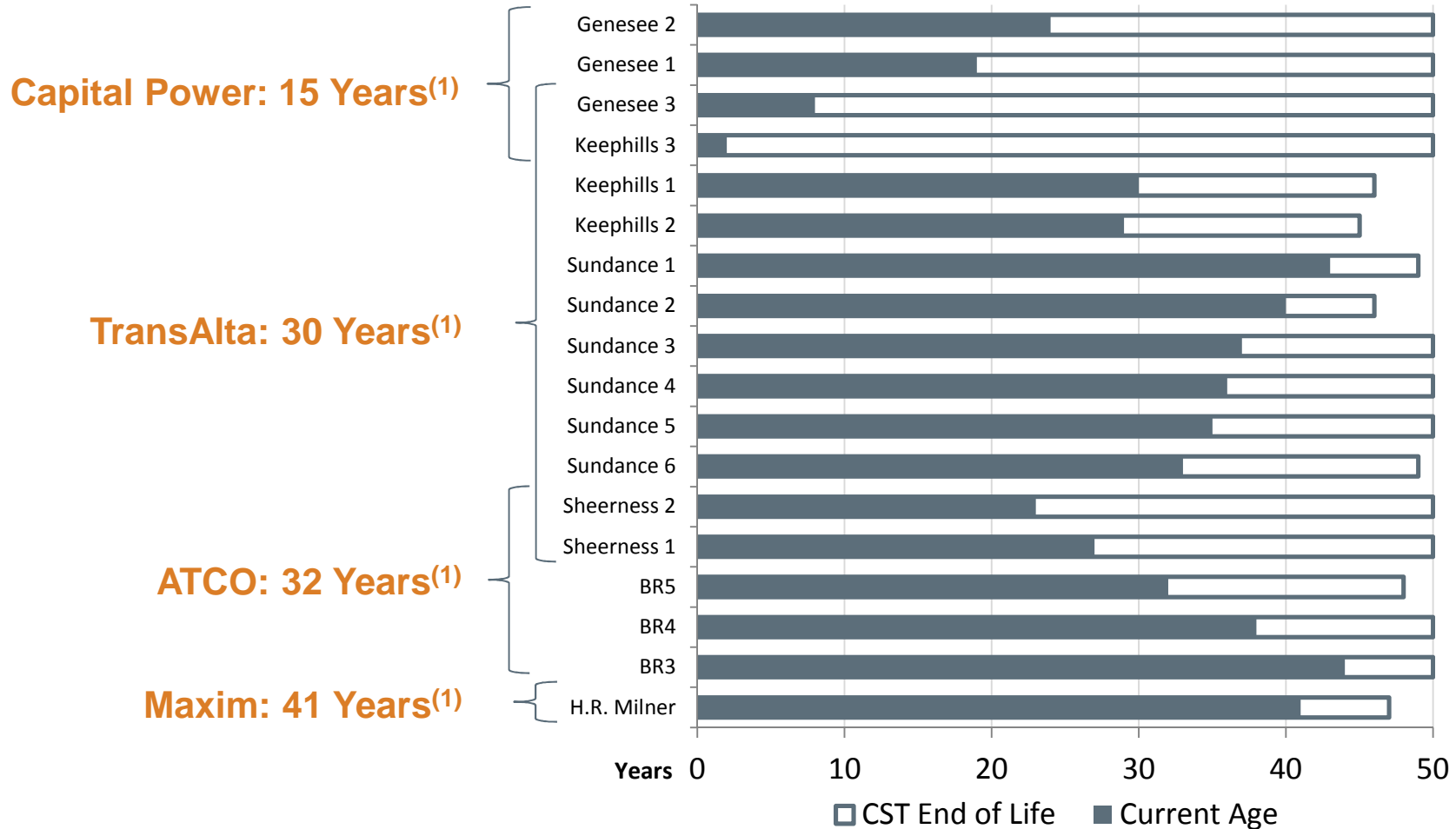


Growing origination function

Origination provides access to an alternative channel to the wholesale segment and serves three major functions

- Development of the end-user market channel for Capital Power and support of competitive customer markets
- Delivery of value through warehousing of end-user risk and provision of energy management services
- Support of business development opportunities through creation of partnerships to manage prospective or existing cash flow and earnings volatility

Average age of Alberta coal fleet



(1) Capacity-weighted average age reflects unit ownership as of Nov/13.

{ 4. What is Capital Power doing to drive long term sustained operational excellence?

Darcy Trufyn

SVP Operations, Engineering & Construction

Overview

Significant improvements implemented in 2013 within operations

- Significant cost improvements made in 2013 without negatively impacting high Capital Power operating & maintenance (O&M) standards
- Focus on Reliability Program – our proactive approach to improving availability
- Fewer surprises (Root Cause Analysis, Management of Change, etc.)
- Putting in place the right measures for benchmarking/future improvement
- Major turnaround at our North Carolina solid fuel facilities



Bending the cost curve

- Capital Power is committed to cost optimization at our facilities without sacrificing short or long term availability

Results: 12% reduction from 2012 actual vs. 2014 budget non-fuel O&M⁽¹⁾

- Sustaining capital projects focus only on projects that improve safety or plant performance

Results: 54% reduction in plant sustaining capital between 2012 actual and 2014 budget⁽¹⁾

- Plants have been benchmarked by Solomon and IDCON and work is ongoing to ensure operations are efficient and effective compared to our peers

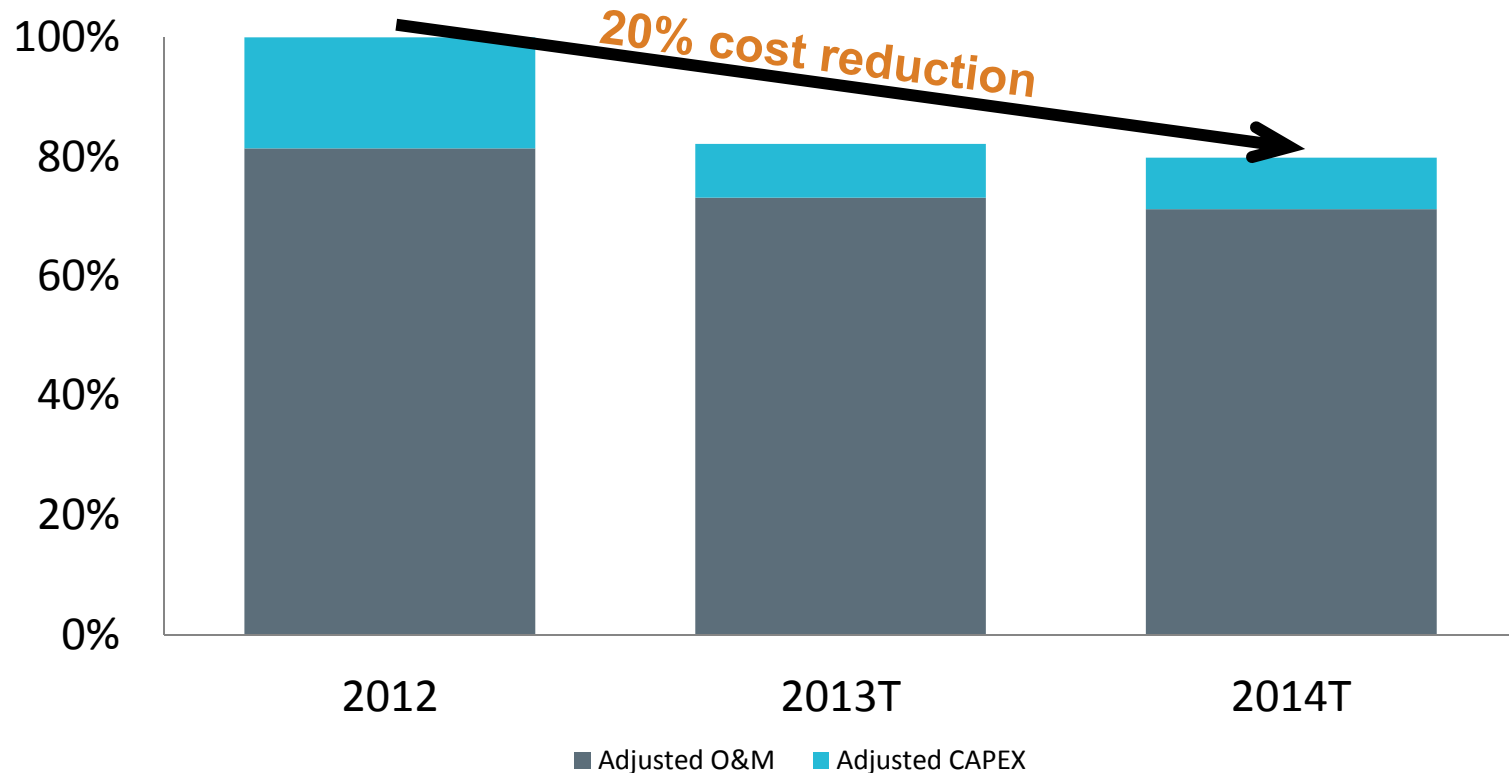


(1) Adjusted for current fleet including Port Dover & Nanticoke, and adjusted to 2013 dollars. Excludes planned turnarounds.

Fleet O&M and sustaining capital⁽¹⁾

The trend is towards more efficient use of resources in both O&M spending and sustaining capital program

Total non-fuel O&M and CAPEX spending excluding planned outages



(1) Adjusted for current fleet including Port Dover & Nanticoke, and adjusted to 2013 dollars.

Fleet performance

- Reliability program implemented with the intent of improving availability and reducing lost revenue opportunity over the next 5 years
- Operational improvements implemented in 2013 to Maintenance Tools and RCA/MOC processes will improve availability and help to eliminate surprises



Year	2011	2012	2013T	2014T
TRIF ⁽¹⁾	1.84	1.66	1.89 (1.52 YTD)	1.77
Availability	92%	91%	93%	95%

Capital Power continues to operate its young fleet safely and with high availability

(1) TRIF means total recordable incident frequency.

Benchmarking Genesee availability

Unplanned Commercial Availability is the percentage of time that our units had the opportunity to generate revenue but were unable to due to a unplanned event

- Genesee has maintained a consistent performance across the units to date
- Genesee 3 (G3) has experienced 2 major technical outages which have skewed G3's performance relative to units 1 and 2 (G1&2)
- Forced outages caused by boiler tube leaks in all 3 units have occurred randomly over the life of the units
- Unplanned Commercial Availability – average over past 4 years including 2013 YTD:
 - G1&2 = 3.47%
 - G3 = 5.65%
- Solomon: top quartile = 3.4% / second quartile = 5.6%

Availability focus: Target of Solomon top quartile performance for all 3 Genesee units by 2018

Southport & Roxboro – improvement journey

Major improvements made during 2013 at both Roxboro and Southport, North Carolina to improve output and cost effectiveness

Improvements include:

- Fuel handling
- Fuel optimization
- Boiler efficiencies/bag house
- Wood storage capacity at Southport



Results:

- Approximately 10% increased generation
- Plant feed improved to enable sustainable output
- More efficient operations provides positive returns off peak

{ 5. Has the financial strategy changed?

Stuart Lee
SVP, Finance & CFO



Financial strength

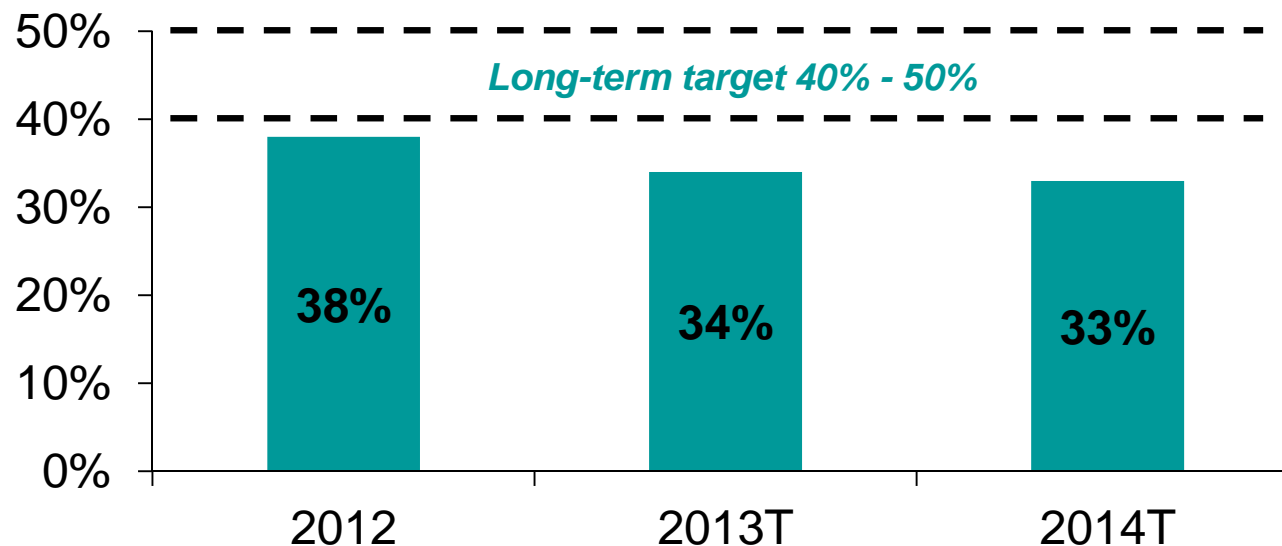
Committed to investment grade credit rating

Financial strength

- Investment grade credit ratings
- Debt-to-capital ratio of ~33% at 2014 year-end remains below long-term target of 40% - 50%

Agency	Ratings	Outlook
S&P	BBB- / P-3	Stable
DBRS	BBB / Pfd-3 (low)	Stable

Debt to total capitalization



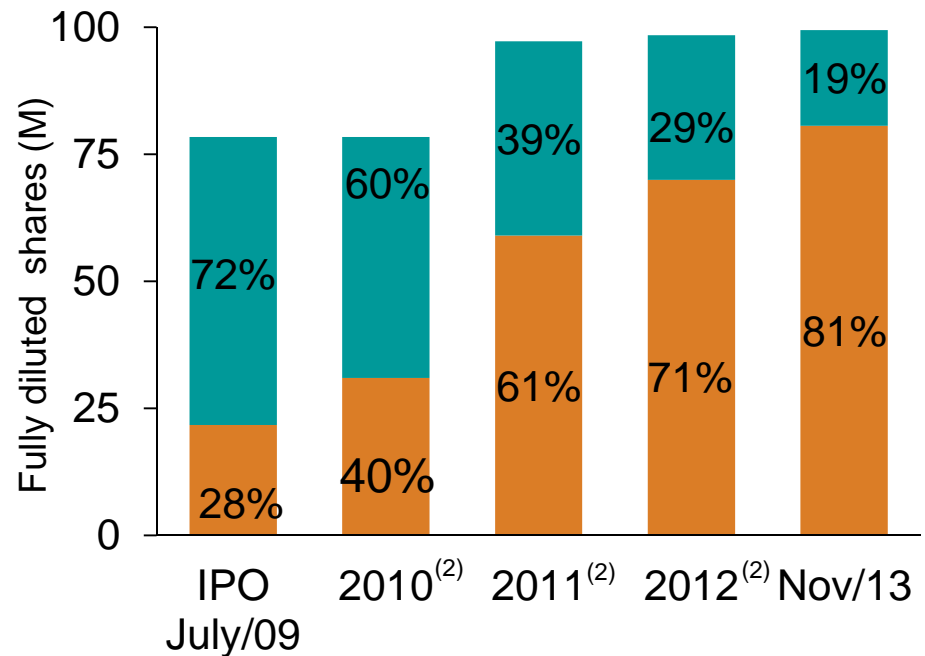
Capital structure and access to capital

Strong balance sheet⁽¹⁾

- Assets of ~\$5.2B with ~\$1.5B of third party debt
- \$1.2B in credit facilities, of which ~\$1.0B available
 - Additional \$300M accordion feature
- Ample liquidity resulting in balance sheet strength and flexibility

Access to capital

- 4 secondary common share offerings since IPO have progressively increased average daily trading volumes and reduced EPCOR overhang
- 2 primary common share and 3 preferred share offerings have funded growth projects



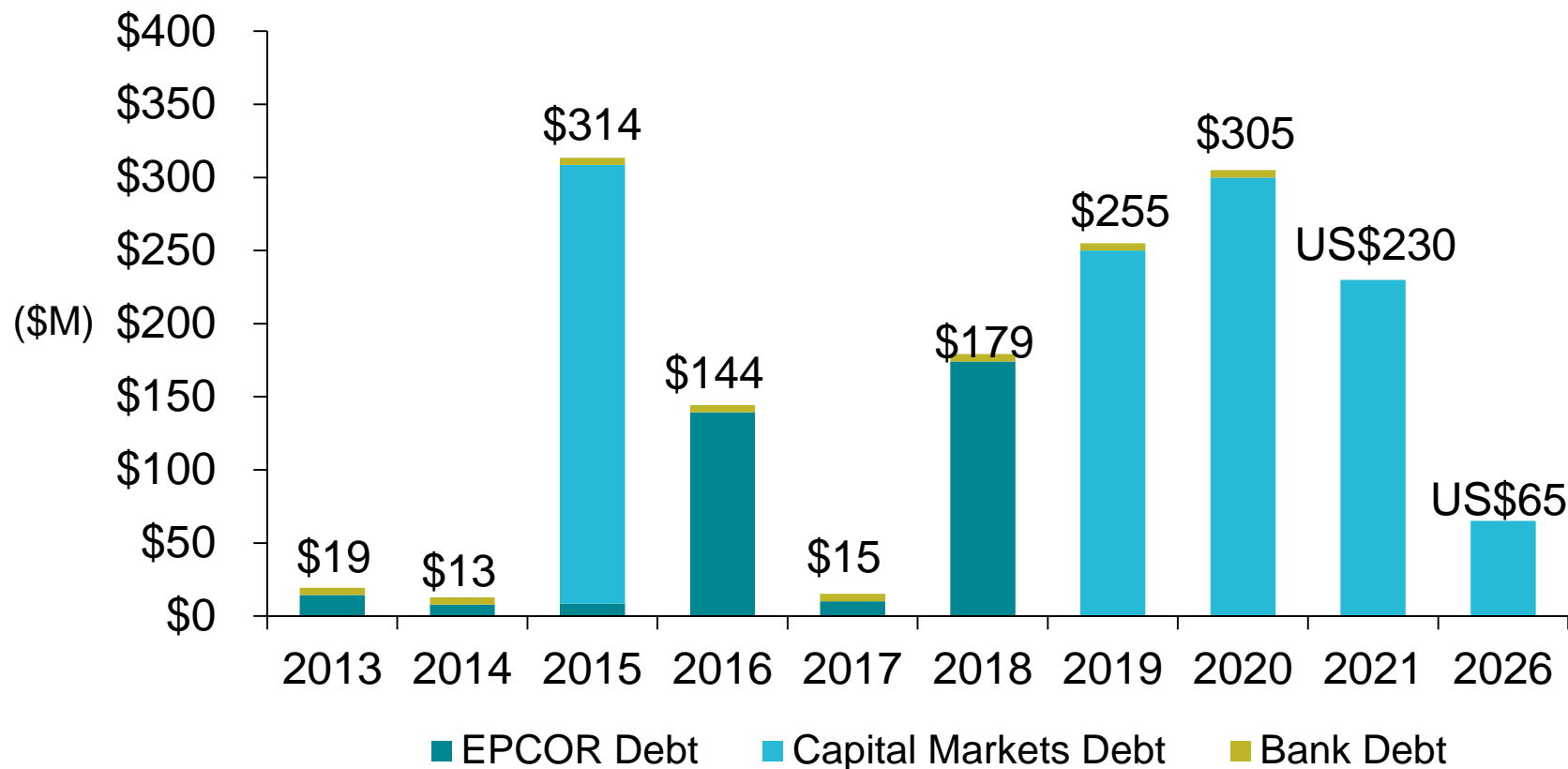
■ Public float ■ EPCOR indirect ownership

(1) Estimated at 2013 year-end.

(2) Fully diluted shares as at year-end.

Debt maturity schedule⁽¹⁾

- Term on credit facilities extended to 5 years



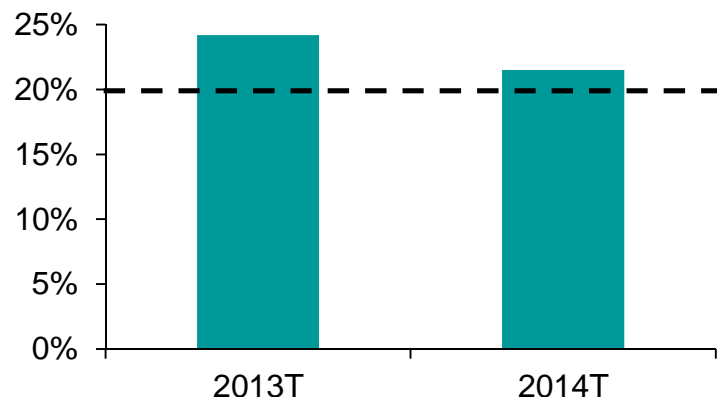
Well spread-out debt maturities are supported by long asset lives

(1) As of Nov 30, 2013.

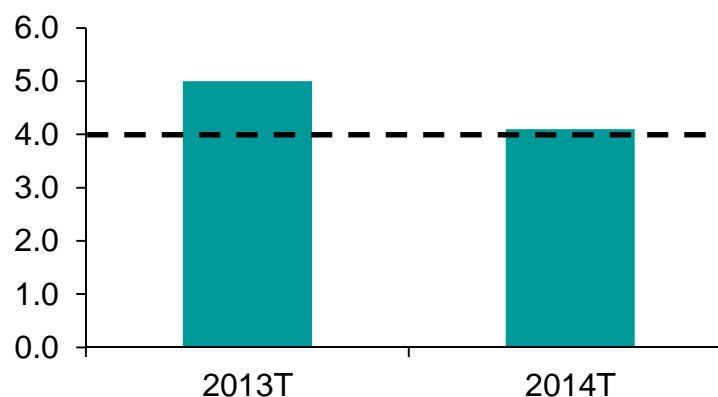
Credit metrics⁽¹⁾

Above DBRS financial criteria for current rating

Adj. Cash flow/Adj. Debt

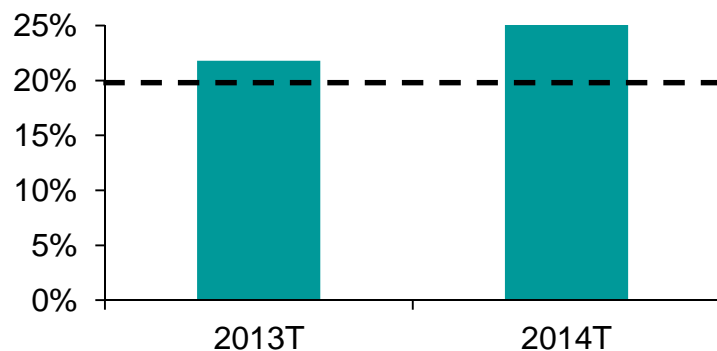


EBITDA/Adj. Interest

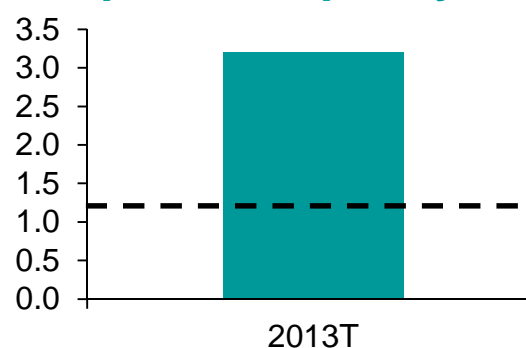


Above S&P financial criteria for investment grade rating

Adj. FFO/Adj. Debt⁽²⁾



Corporate Liquidity



(1) Metrics applicable to Capital Power L.P.

(2) Based on S&P's recently revised weighted average ratings methodology.

Corporate structure

Current structure optimal to finance Alberta business

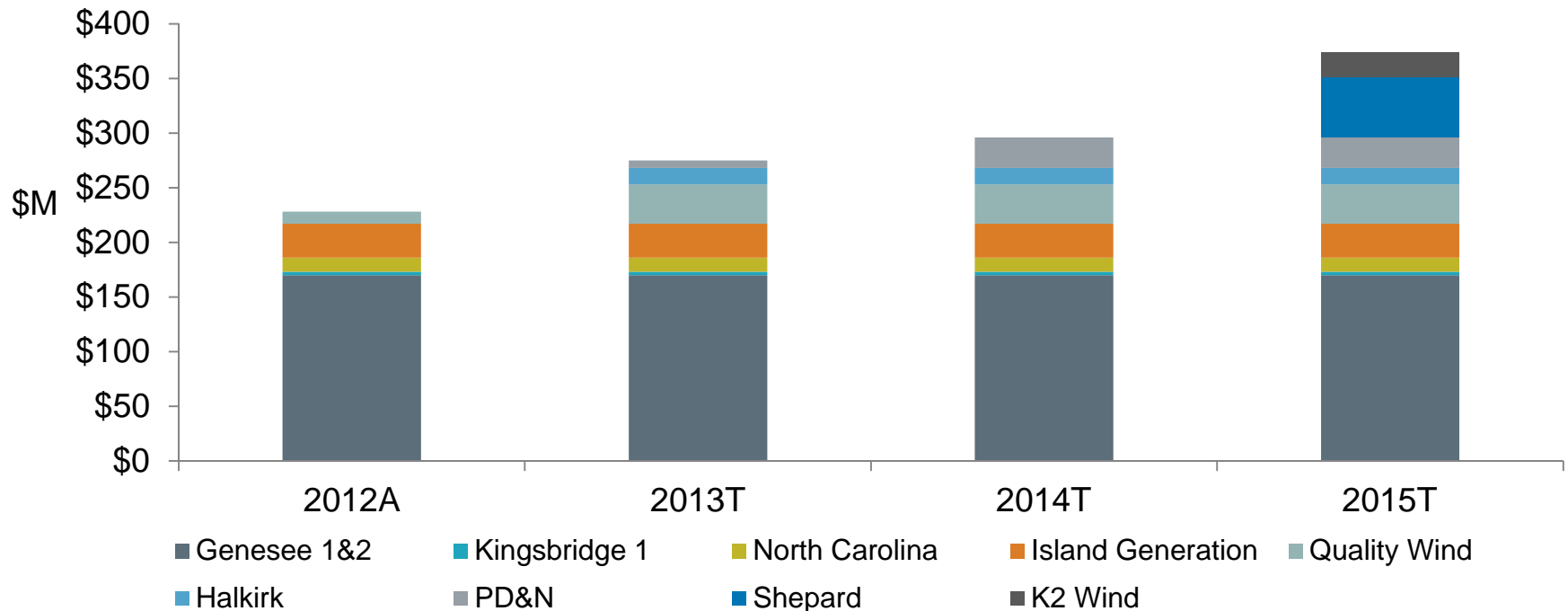
- Hybrid contracted/merchant independent power producers (IPPs) not realizing value of contracted asset base in their stock valuations
- Has led to several successful launches of yieldco's in both the U.S. and Canada
- Other U.S. IPPs rumoured to be considering as well
- Pros to yieldco dropdowns:
 - Unlock value for shareholders
 - Provide competitive cost of capital to pursue new opportunities
- Cons to yieldco dropdowns:
 - More complex structure and governance
 - Recent Moody's report cites eventual expected pressure on parent company credit rating

Corporate structure

- Our experience with Capital Power Income L.P. provides background for some of the longer term challenges
- Simplification of our story should provide better visibility of contracted cash flow
- Significant growth in contracted cash flow should provide basis for multiple expansion
- Do not want to take a permanent change in structure for what maybe a temporary value dislocation

Continue to monitor yieldco structures

Improving contracted cash flow^(1,2)



Substantial expansion of contracted operating margin from ~\$225M to \$375M from 2012 to 2015 (66% increase)

(1) Margins have been averaged over the periods except in the year of commissioning.

(2) Only includes contracted portions of Halkirk and Shepard plants.

Development projects – CAPEX

(\$M)	Prior to 2013	2013T	2014T	Project total
Port Dover & Nanticoke	\$68	\$230	\$17	\$315
K2 Wind ⁽¹⁾	\$3	\$26	\$31	\$291
Shepard Energy Centre ⁽²⁾	\$50	\$650	\$121	\$821
	\$121	\$906	\$169	\$1,427

Continue strong execution of CAPEX program



Port Dover & Nanticoke



Shepard Energy Centre

(1) Represents Capital Power's 1/3 share of project cost, including project financing.

(2) Represents Capital Power's 50% share of project cost.

Cash flow and financing outlook

Sufficient sources of cash flow to meet dividends, development projects and sustaining CAPEX

Sources of cash flow (\$M)	2013T	2014T
Funds from operations ⁽¹⁾	\$400	\$380
Preferred share offering	\$200	-
Net proceeds from sale of US Northeast assets	\$556	-
Uses of cash flow		
Dividends (net of DRIP) & distributions to NCI	\$100	\$100
Dividends (Preferred shares)	\$20	\$22
Development projects	\$950	\$171
Sustaining capex	\$100	\$85
Net change in cash	~(\$14)	~\$2

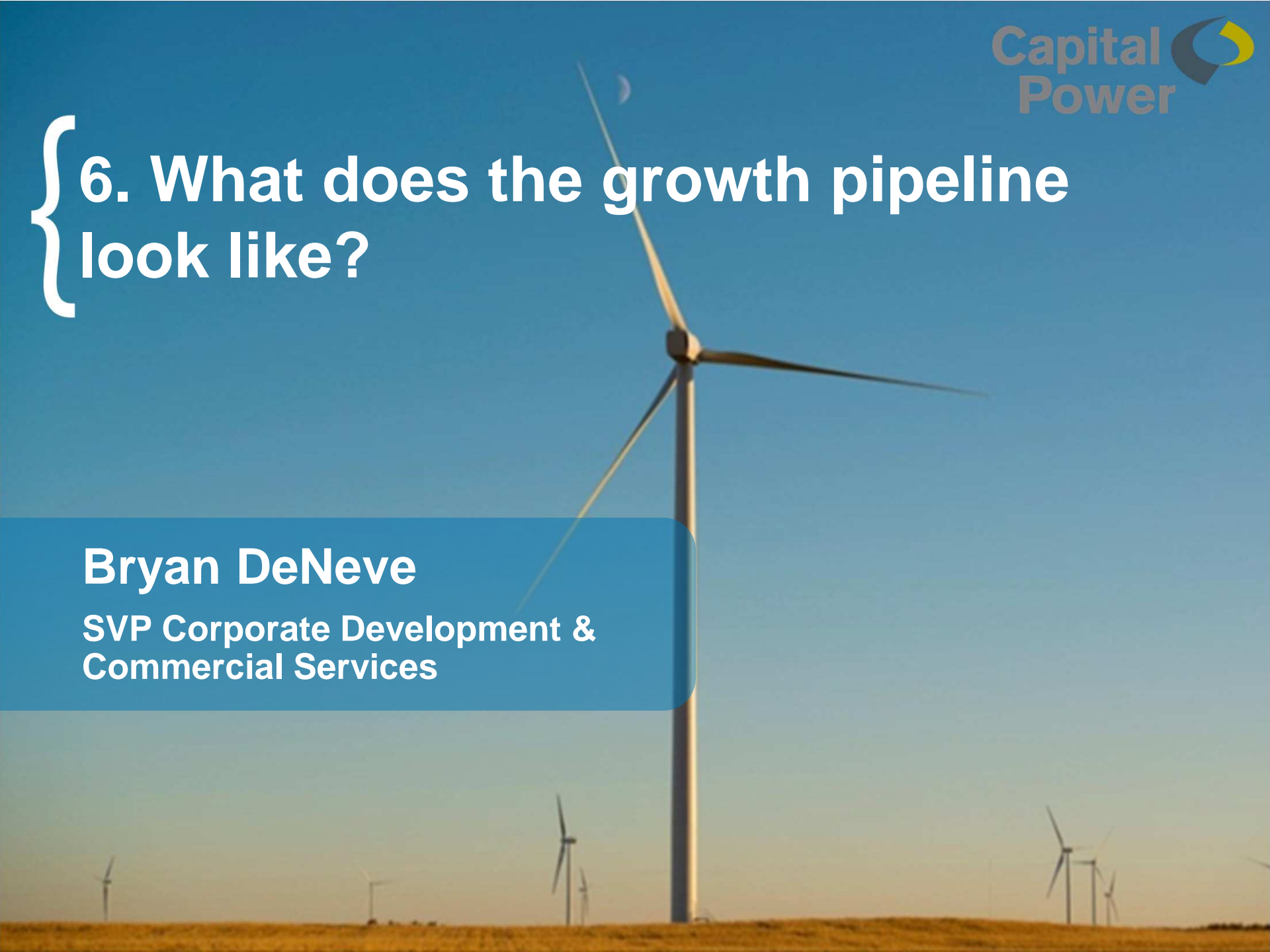
*No primary common share equity required in 2013-14
other than via DRIP*

(1) Represents mid-point of guidance range.

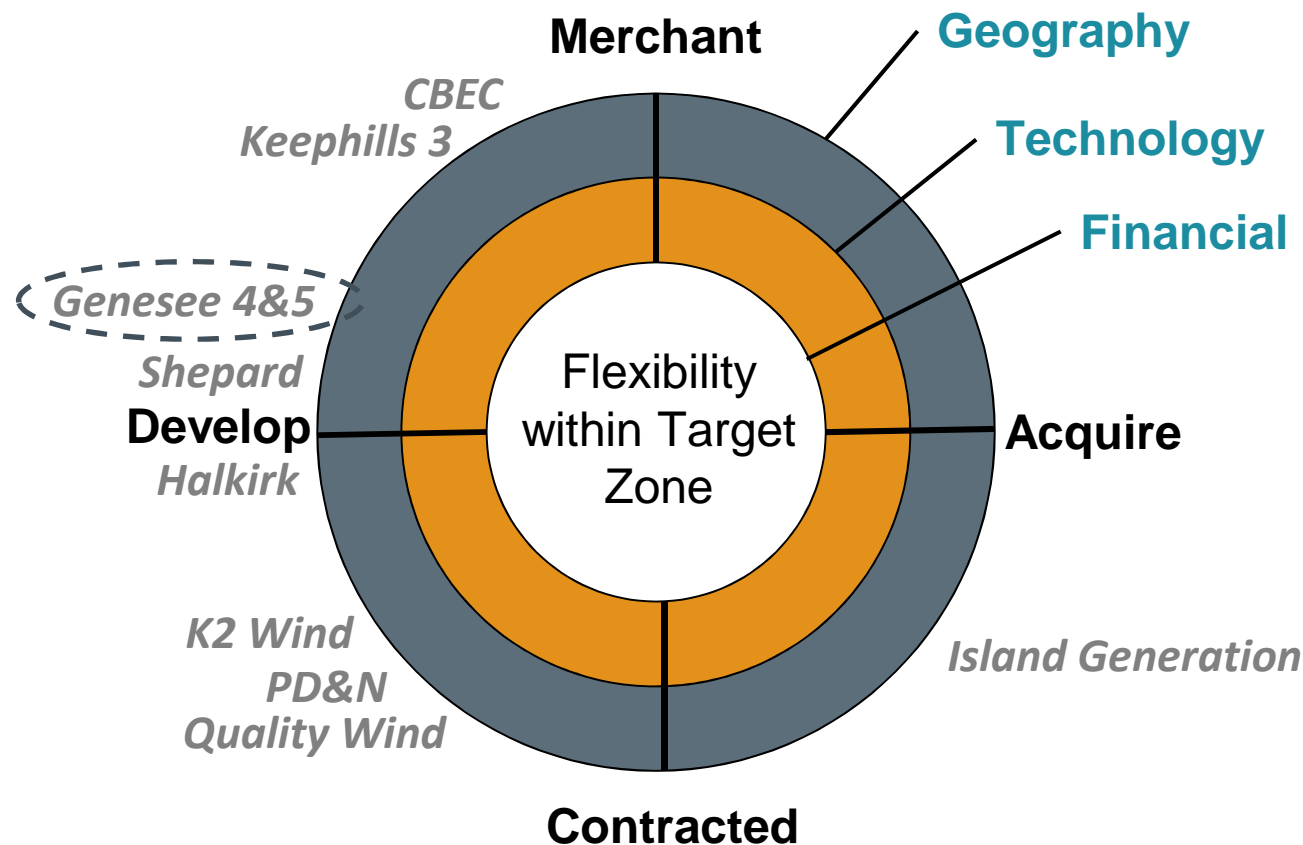
{ 6. What does the growth pipeline look like?

Bryan DeNeve

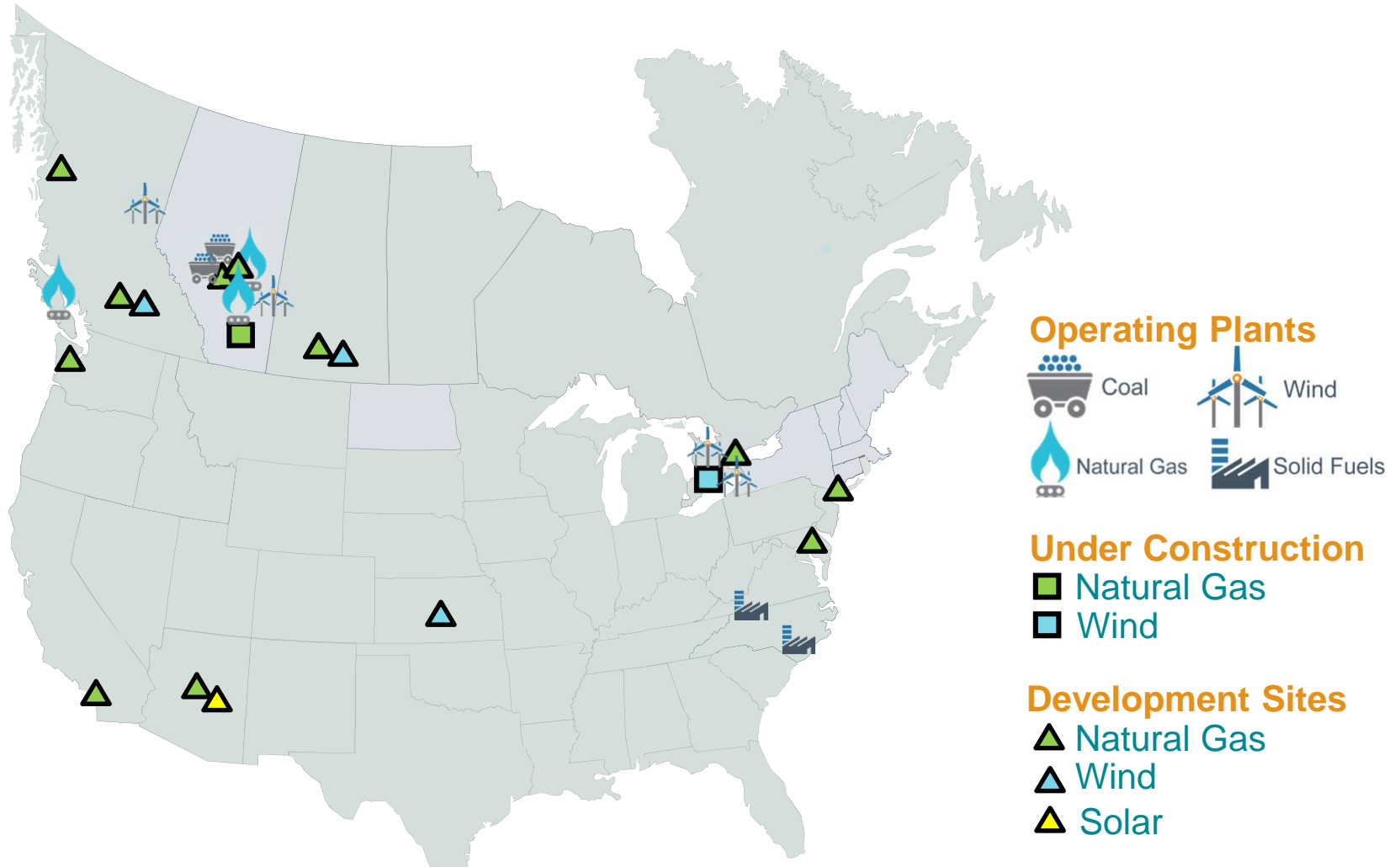
**SVP Corporate Development &
Commercial Services**



Disciplined growth focused on contracted development assets



Capital Power markets



Alberta outlook

Market opportunity:

- Strong load growth – new supply needed in 2018 to 2020 timeframe
- Certainty around coal fired retirements
- Aging generating units resulting in declining availability
- Stable market design
- Appropriate market signals
- Strong trading capabilities

Growth pipeline:

- Completion of Shepard (400 MW, Capital Power's portion)
- Natural gas peaking (200 MW)
- Genesee 4&5 (1,050 MW)

Shepard Energy Centre



- 20-year tolling agreement on 50% of owned capacity with ENMAX
- Additional 25% contracted for 2015, 2016 and 2017 which increases cash flow certainty during an expected period of low pool prices in Alberta
- Additional cash flow certainty created by hedging Capital Power's existing portfolio by 100 MW in 2013, 300 MW in 2014 and 100 MW in 2015

Provides merchant and strong contracted cash flows

Genesee 4&5

- Capital Power will develop Genesee 4&5 in a 50/50 joint venture with ENMAX
 - Capital Power to lead construction and will be the operator
- Definitive agreements will be completed in Q1, 2014
- Genesee provides significant advantages for the development of a new combined cycle unit given the access to existing infrastructure



- Up to 1,050 MW using the latest state-of-the-art high efficiency gas turbine technology in a 2x1x1 configuration
- Regulatory application will be submitted by end of 2013
- Open houses commenced
- Construction will be completed in 2018 to 2020 timeframe depending on load growth in the province

Building on Shepard's success

British Columbia

Market opportunity:

- LNG expected to use gas drive technology versus electrical
- BC Hydro expected to periodically issue a call for renewable power to meet government's environmental objectives
- Natural gas is gaining acceptance for electricity generation and gas opportunities will emerge if Site C does not proceed
- Peaking capacity needed to serve LNG related ancillary load
- Province continues to support IPPs

Growth pipeline:

- Serve LNG peaking load (200 MW)
- Kloo Wind Project (100 MW)
- Combined cycle (1,500 MW)

Pacific Northwest

- Adjacent to the operational Frederickson 1 facility, Washington State
- Strategically located for Puget Sound Energy (PSE) with direct-connecting to PSE's system



- Fully permitted for a 290 MW combined cycle gas turbine in 2008
- PSE's latest integrated resource plan identifies a need for 220 MW of peaking capacity by 2017

US Southwest

Market opportunity:

- Significant coal and nuclear retirements (San Juan 2&3, Navajo 3, SONGS)
- Significant gas-fired peaking resources required
- Fortune 100 firms looking to “green” energy consumption
- Replacement of once-through-cooling plants in southern California
- On-going renewable procurement
- New CAISO transmission builds increase capacity and reduce congestion between the Desert southwest and California

Growth pipeline:

- Solar (50+ MW)
- Peaking site near Phoenix (200+ MW)
- Peaking site in San Diego (400 MW)

Ontario

Market opportunity:

- Nuclear refurbishment/replacement strategy becomes clearer with no plans for new incremental capacity
- Peaking capacity needed with additional renewable resources
- Minimal development of large scale renewables
- Gas-fired generation opportunities with the retirement of the remaining coal fleet and anticipated nuclear refurbishment

Growth pipeline:

- Complete financing and continue construction of K2 Wind (90 MW, Capital Power's portion)
- Develop peaking site (400 MW)
- Develop combined cycle site (700 MW)

K2 Wind

- K2 Wind is a joint partnership of Capital Power, Samsung and Pattern to build and own a 270 MW wind project
- Hearings complete on Renewable Energy Approval appeal at Environment Review Tribunal (ERT) with decision expected by February 6, 2014
- Received Ontario Energy Board decision granting Leave to Construct the transmission line
- Transmission interconnect construction underway
- Pattern leads financing and is targeting a March 2014 close
- Risk that appeal of ERT decision to Divisional Court may delay financial close by 3 months



New York

Market opportunity:

- Contracted opportunities on Long Island in the short term
- Potential contracted opportunities in the long term (2019 to 2020) if Long Island plants are not repowered to meet load growth
- Contracted opportunities in the Hudson Valley as a result of transmission constraints being addressed through the Energy Highway initiative

Growth pipeline:

- Securing natural gas-fired sites in Hudson Valley and Long Island

U.S. East renewable

Market opportunity:

- 19 states east of the Mississippi River have renewable portfolio standards (RPS) with limited indigenous resources to meet load
- New transmission projects make import of wind cost competitive
- We will pursue development sites in regions we believe long-term contracts will be awarded to meet RPS goals in the 2015-2020 timeframe

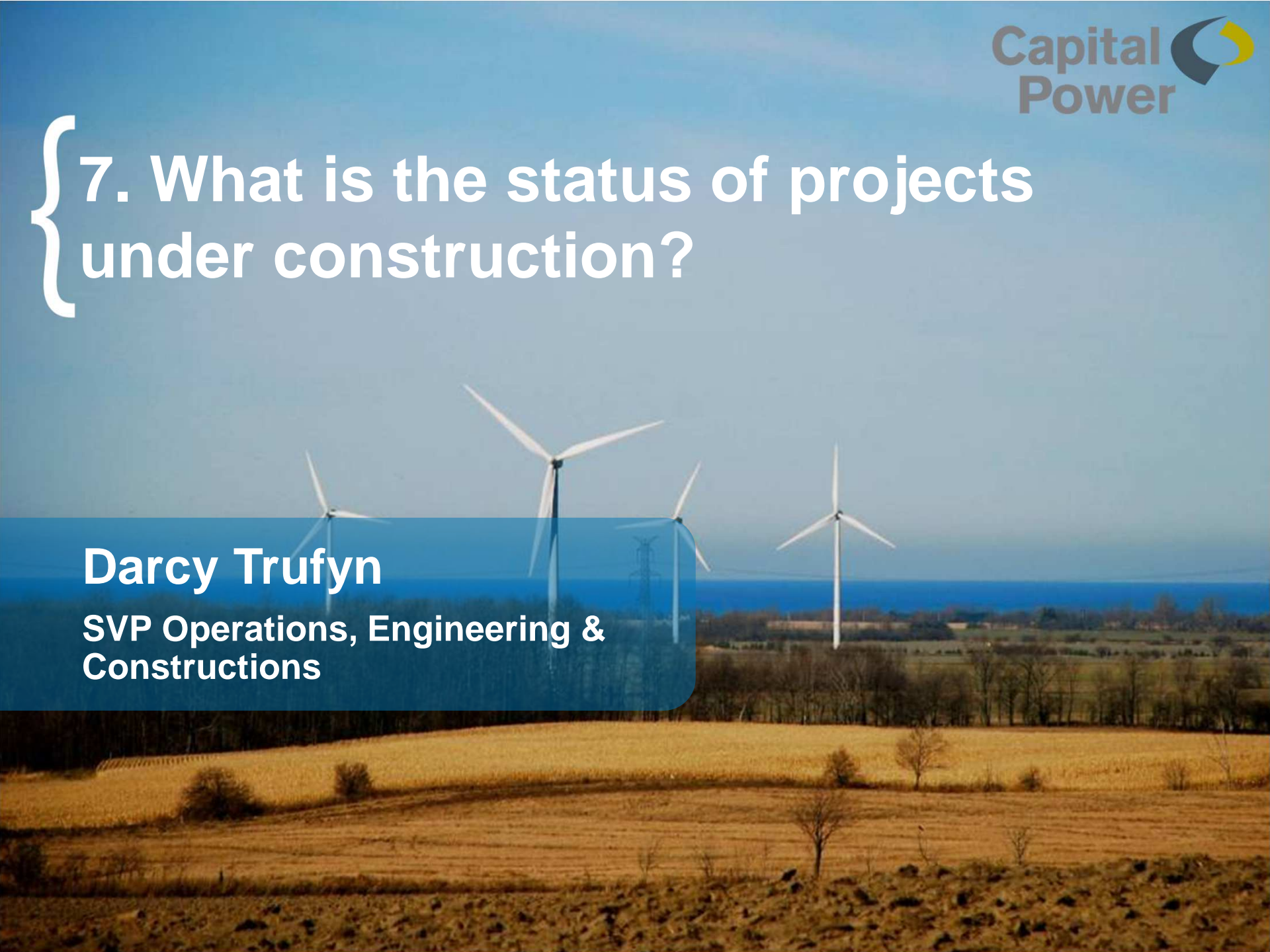
Growth pipeline:

- Securing wind opportunities in the U.S. midwest
- Evaluating opportunities to acquire older wind platform in the U.S.

{ 7. What is the status of projects under construction?

Darcy Trufyn

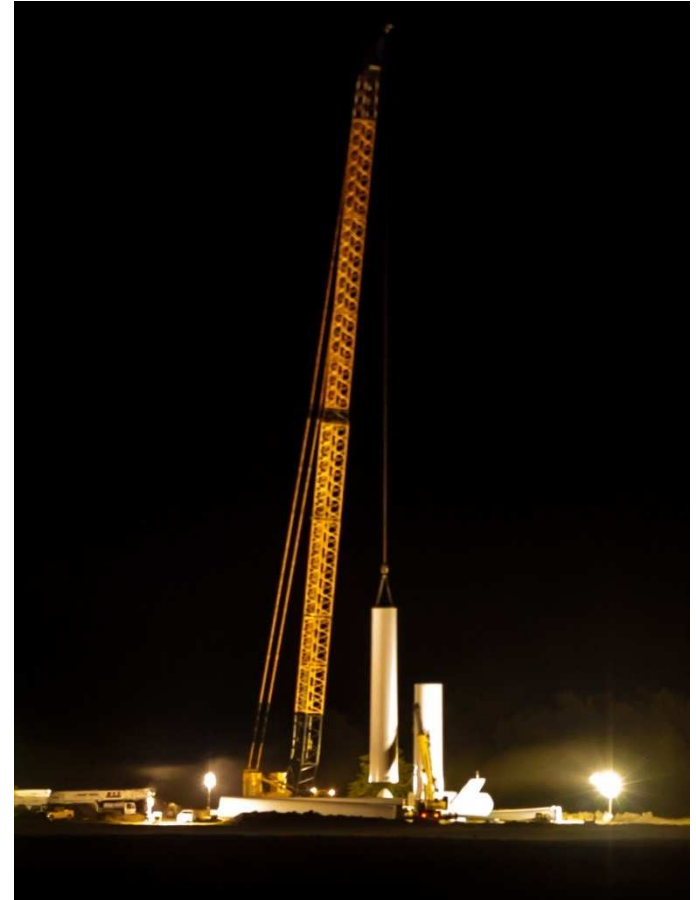
**SVP Operations, Engineering &
Constructions**



Port Dover & Nanticoke wind farm

- Scope: 58 Vestas V-100 WTGs⁽¹⁾ – 105 MW capacity
- Location: Haldiman and Norfolk County, Ontario
- Schedule: COD⁽²⁾ attained on schedule – Nov 7, 2013
- Cost: \$340M budget. Forecast ~7% underrun
- Safety: TRIF of 1.19⁽³⁾

Another successful development and construction project completed on time and under budget



(1) WTGs means wind turbine generators.

(2) COD means commercial operations date.

(3) Two medical aids and no lost time injuries.

Shepard Energy Center

- Scope: 800 MW, 2 on 1 combined cycle natural gas power plant
- Ownership: 50/50 joint venture with ENMAX
- Schedule: Planned COD advanced to early 2015
- Cost: Capital Power's portion of project budget reduced to \$821M
- Safety: TRIF of 0.93

Progress

Overall project	85%
Engineering	90%
Substation	100%
Transmission interconnection	100%
Plant construction	75%



Shepard project tracking early and under budget

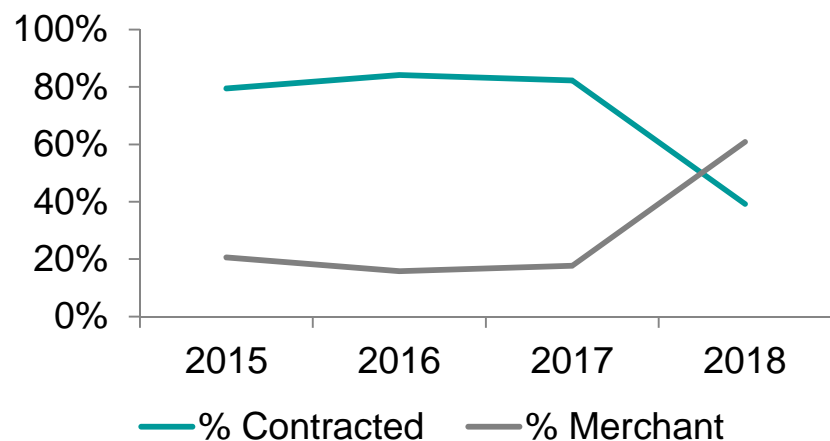
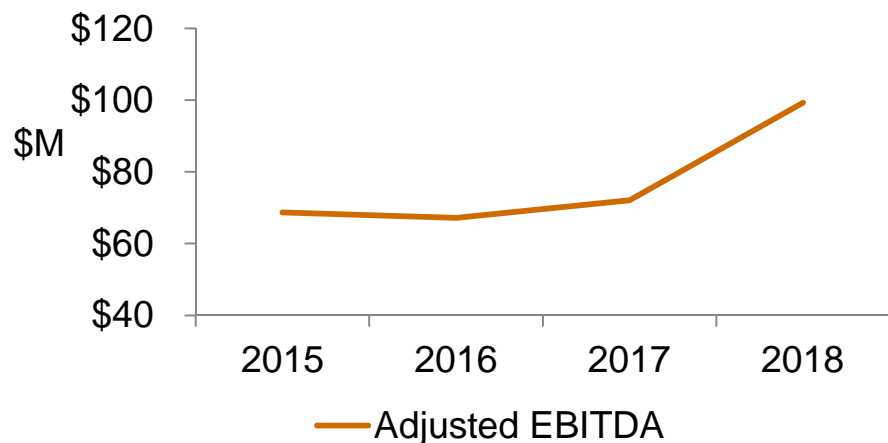
8. What are the financial impacts from the Shepard and K2 Wind projects?

Stuart Lee

SVP, Finance & CFO

Shepard Energy Centre

Modelling guidance



Assumptions

- 2015 price assumption based on current forward price
- Expect to see power prices recover through 2018

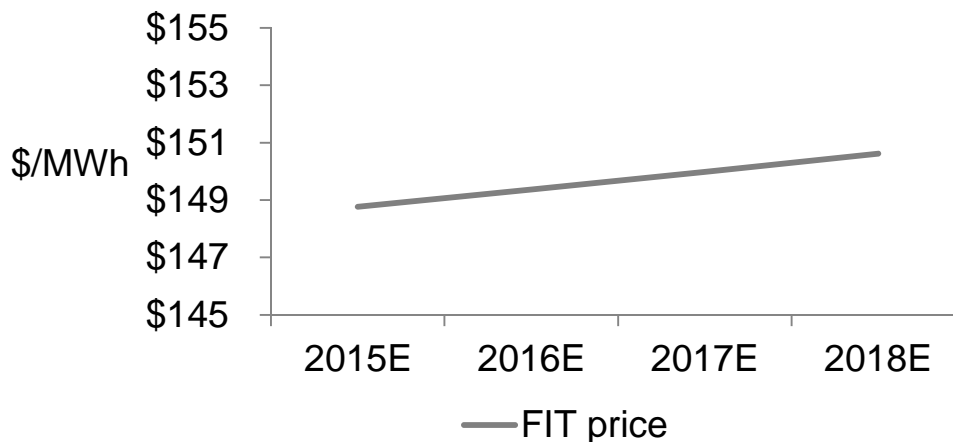
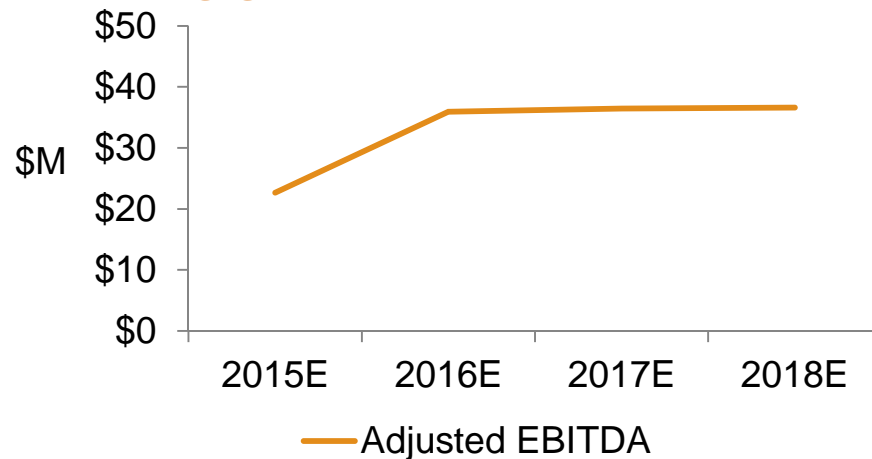
Sensitivity

- +\$5/MWh change escalates Adjusted EBITDA by ~\$2M while project is >50% contracted

(1) Adjusted EBITDA is a non-GAAP financial measure, see page 86.

K2 Wind

Modelling guidance



Assumptions

- 2015 power price at \$149/MWh, escalating post COD based on Feed-in-tariff (FIT) contract
- Adjusted EBITDA based on net capacity factor (NCF) of 43%

(1) Adjusted EBITDA is a non-GAAP financial measure, see page 86.

{ 9. What is Capital Power's cash flow outlook?

Stuart Lee

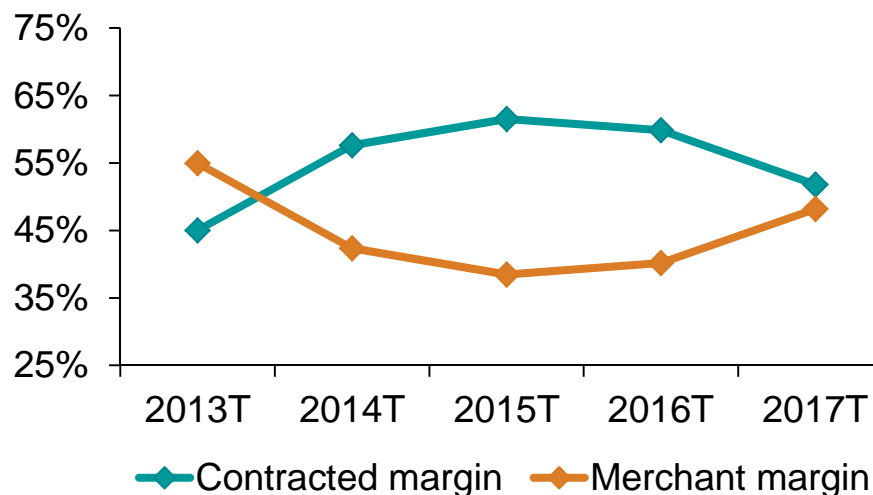
SVP, Finance & CFO



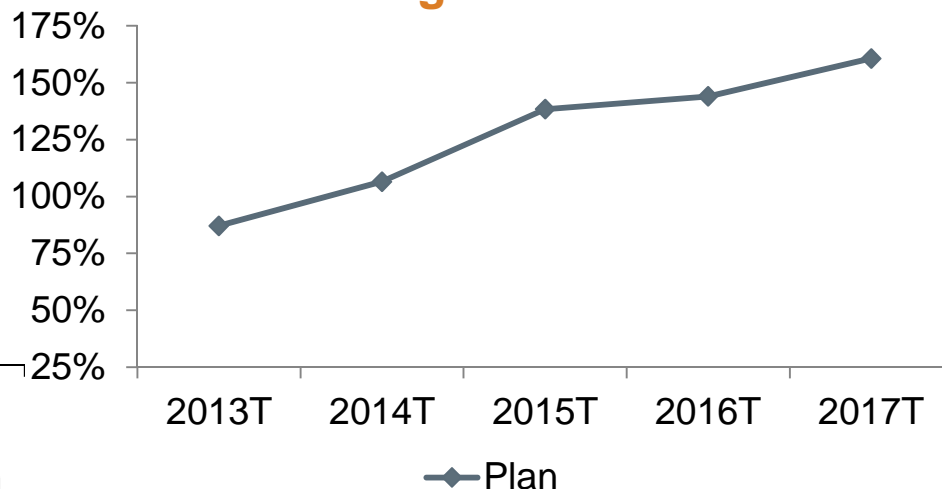
Focus on contracted margins

- Sale of Northeast U.S. assets improves contracted operating margin relative to merchant operating margin
- Focus on merchant operations in Alberta will provide upside as the Alberta supply-demand balance tightens over the longer term

Contracted vs. Merchant mix



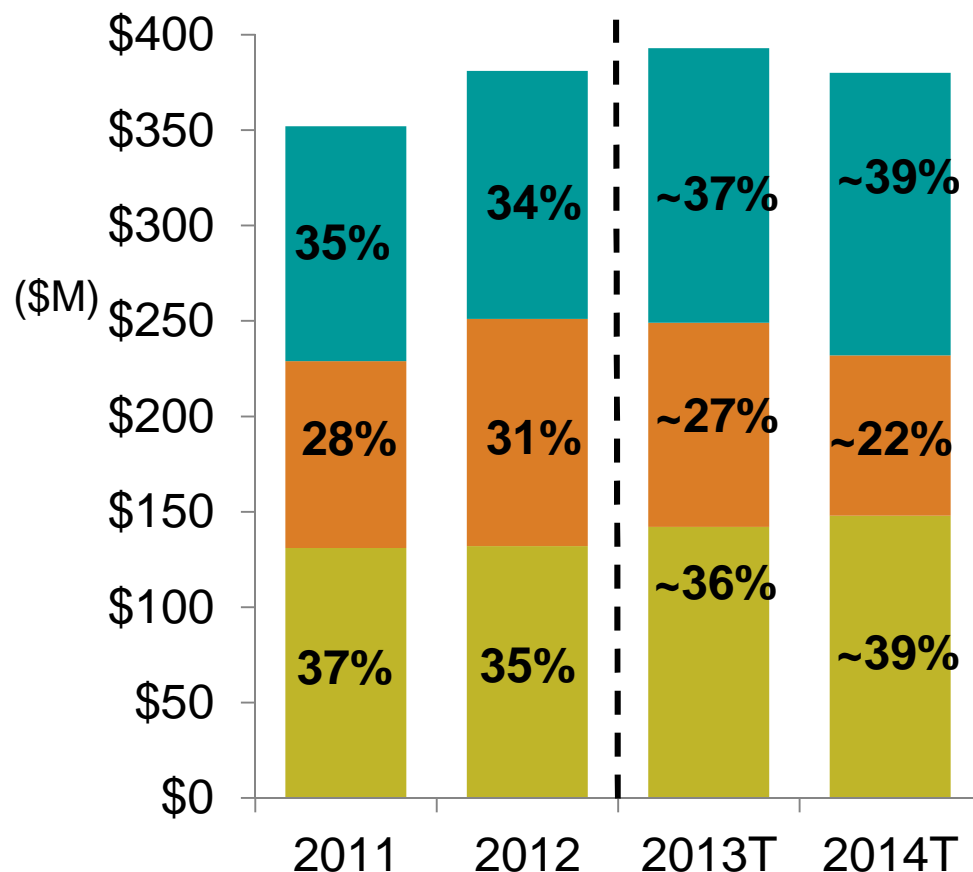
Contracted asset margins cover financial obligations⁽¹⁾



(1) Based on existing plants plus committed development projects. Financial obligations include interest payments (incl. interest during construction), sustaining capital expenditure and general & administration expenses.

Continued strong cash flow generation

Funds from operations (FFO)



- Expect to exceed target of \$385M-\$415M in FFO in 2013
- Target for 2014 expected to be lower due to low Alberta power prices
- 35%+ of 2011-2012 FFO is discretionary cash flow⁽¹⁾
- Additional cash flows in 2014 from full year operations for PD&N
- No material cash taxes until 2018

■ Gross dividends (common and preferred)
■ Sustaining capex
■ Discretionary cash flow

(1) Discretionary cash flow is a non-GAAP financial measure, see page 86.

Accounting and accretion for wind projects

Port Dover & Nanticoke

- COD Nov 7/13; forecast at \$315M, significantly under \$340M budget
- 20-year PPA at \$144/MWh
- Project is a capital lease and will have no depreciation impact



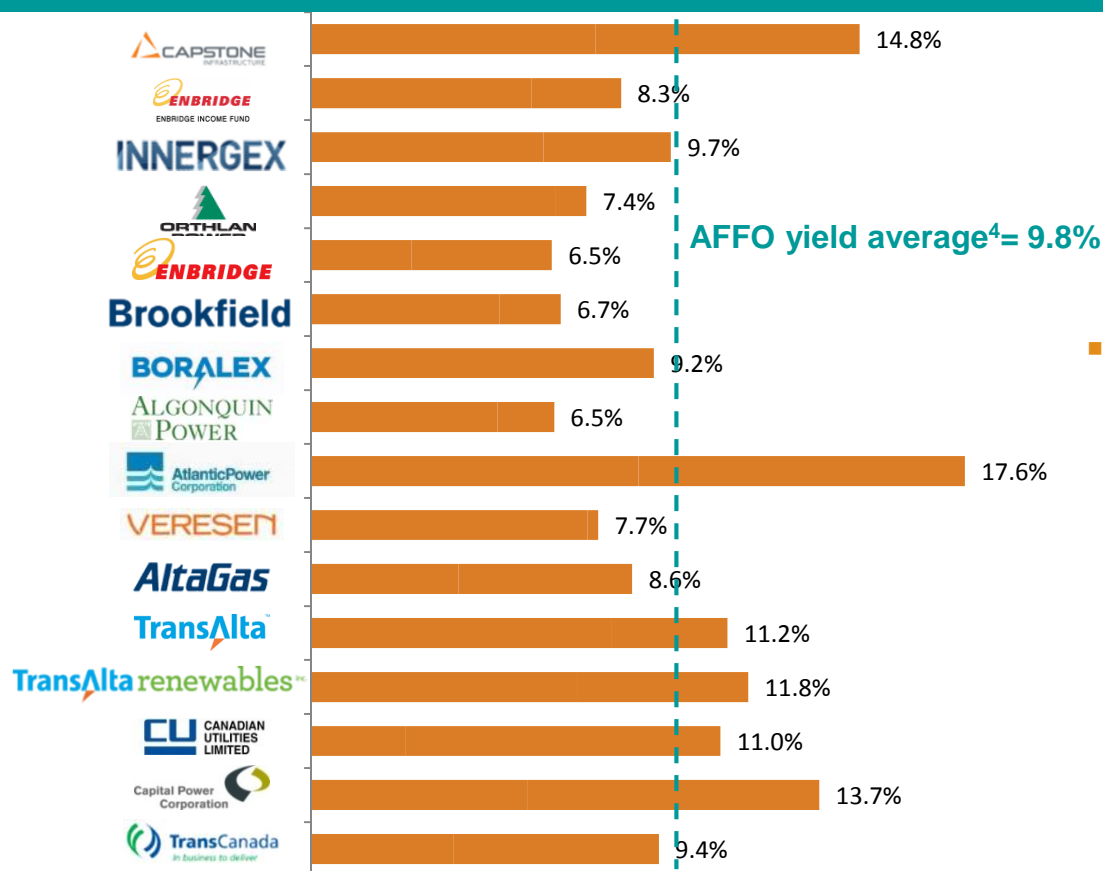
K2 Wind

- COD 2015, Capital Power's equity portion is \$291M
- 20-year PPA at \$149/MWh
- 1/3 equity ownership in joint venture
- Financed with project debt



AFFO yield inconsistent with peers

2013E AFFO Yield^{1,2,3}



- Capital Power's AFFO yield is one of highest amongst group, and should be trading more in line with peer average

1) Source: CIBC World Markets (Nov/13).

2) Based on consensus analyst estimates as at Nov 6/13.

3) Adjusted Funds from Operations (AFFO) is Cash Flow from Operations (operating cash flow excluding working capital changes) less maintenance capital expenditures and pref dividends.

4) Average excludes Capital Power.

Financial guidance

- Targeting 2014 funds from operations of \$360-\$400M
- Since the IPO in mid-2009, the complexity of our financial disclosure has reduced and analysts are generally modelling the company correctly
 - Current analyst consensus of cash flow and EPS is consistent with our internal view
- Consistent with our peers, we have discontinued EPS guidance
- We will provide modelling guidance as new assets are added to the fleet

Focus on cash flow metrics

{ 10. What is Capital Power's view on dividends?

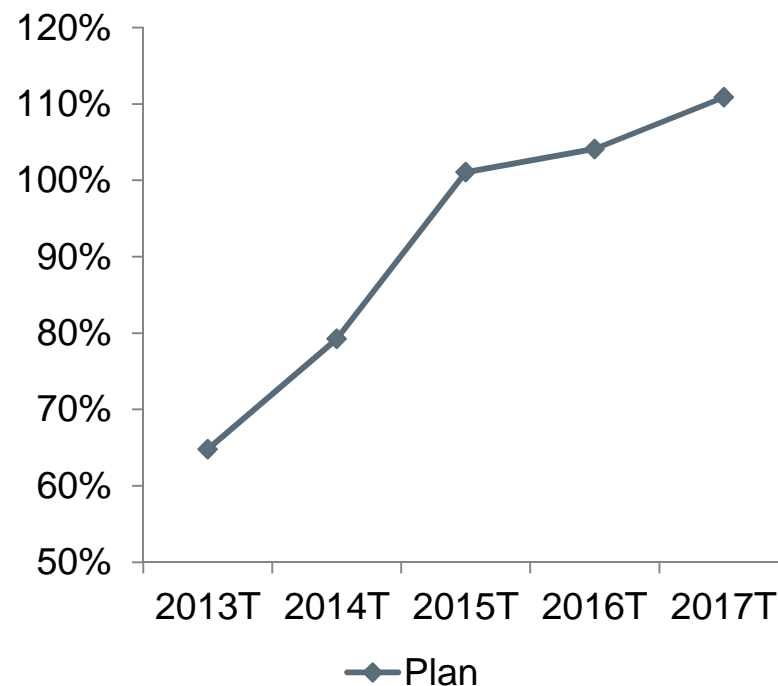
Stuart Lee
SVP, Finance & CFO



Dividends

- Contracted cash flow base supplemented with hedge position provide downside protection in lower price environment
- >90% hedged in 2014. Minimum AB power price of ~\$11/MW for free cash flow to meet dividend commitment in 2015
- Relative to peers who use total free cash flow for financial obligations and dividends, Capital Power has upside with additional cash flow from merchant assets

Contracted operating margin to financial obligations⁽¹⁾ and dividends



Well positioned for future dividend growth

(1) Based on existing plants plus committed development projects. Financial obligations include interest payments (incl. interest during construction), sustaining capital expenditure and general & administration expenses.

{ 11. What are Capital Power's corporate priorities in 2014?

Brian Vaasjo
President & CEO



2014 Corporate priorities

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

Operational targets

95%	Capacity-weighted plant availability (reflects planned turnarounds at Genesee 2 & 3)
\$85M	Maintenance capital (plant maintenance capital and other capital expenditures)
\$165M to \$185M	Plant operating and maintenance expenses

2014 Corporate priorities

Priority: Enhance value for shareholders by delivering accretive growth from new developments

Development and construction targets

On-time, on-budget and safe development of committed projects

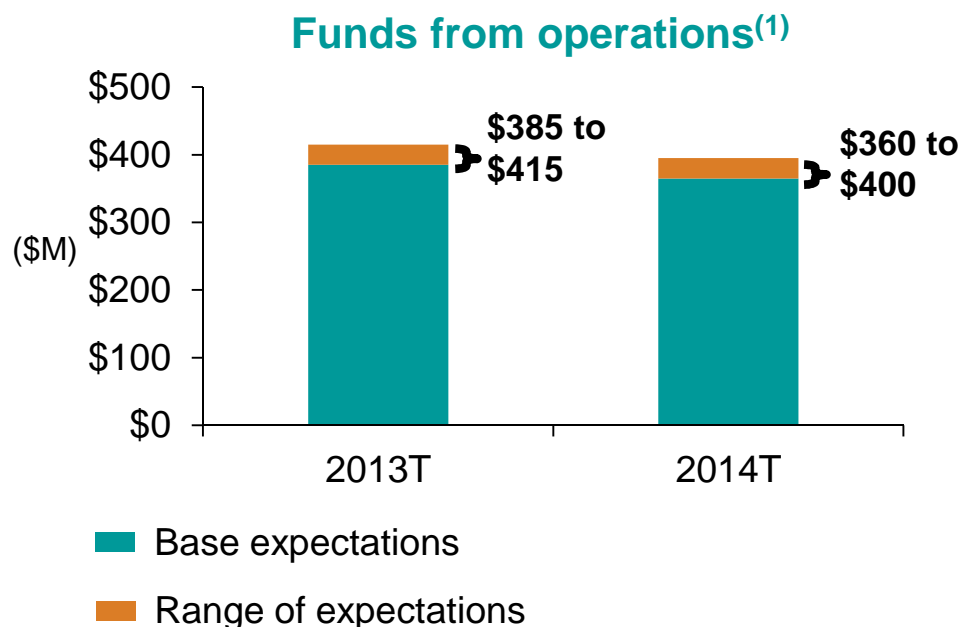
- Shepard Energy Centre project (complete construction with COD in early 2015)
- Genesee 4 & 5 (continue on track for Q1/15 permitting approval)
- K2 Wind project (commence construction and completion of project financing)



2014 Corporate priorities

Funds from operations of \$360M to \$400M is based on a forecasted average Alberta power price of \$57/MWh

Financial target



2013-14 year-over-year changes

- Reallocate proceeds from New England asset sale to Shepard
- 2014 hedged prices closer to forwards
- Addition of Port Dover & Nanticoke and cost optimization

(1) Funds from operations is a non-GAAP financial measure, see page 86.

{ 12. Why invest in Capital Power?

Brian Vaasjo
President & CEO

Why invest in Capital Power?

- Excellent assets in good markets
- Very good operating and trading performance
- Over the past year – reductions in risk, financial volatility and operating cost base
- Best fleet in Alberta, the best power market in North America
- Substantial growth in contracted cash flow to support dividend growth and credit metrics
- Near term growth funded from internal cash flow and DRIP
- Well positioned for disciplined longer term growth, Genesee 4 & 5
- Decreasing EPCOR overhang and greater contracted asset visibility should improve valuation multiples

Q&A

Non-GAAP financial measures

Capital Power uses (i) adjusted EBITDA, (ii) funds from operations, and (iii) discretionary cash flow as financial performance measures. These terms are not defined financial measures according to generally accepted accounting principles (GAAP) and do not have standardized meaning 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 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.

Forward-looking information

Certain information in this Investor Day presentation is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial and operating performance, events or strategies. The forward-looking information or statements 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 includes, among other things, information relating to: (i) expectations regarding the finalization of agreements with ENMAX in respect of Genesee 4 & 5 and the timing and provisions thereof; (ii) expectations regarding the timing of, funding of, permitting of, costs for, capacity of and technology selected for existing and planned development projects, completed development projects, and acquisitions; (iii) expectations regarding plant availability and planned outages; (iv) expectations regarding future Alberta power prices; (v) expectations regarding Capital Power's sources of funding and the financing of existing and planned development projects; and (vi) expectations regarding future plant maintenance capital and other capital expenditures, operating and maintenance expenses and funds from operations.

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 and impact of policy, legislation and regulation, and (v) effective tax rates.

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) changes in electricity prices in markets in which the Company operates, (ii) changes in commodity prices in markets in which the Company operates and use of derivatives, (iii) regulatory and political environments including changes to environmental, financial reporting and tax legislation, (iv) power plant availability and performance including maintenance expenditures, (v) ability to fund current and future capital and working capital needs, (vi) acquisitions and developments including timing and costs of regulatory approvals and construction, (vii) changes in market prices and availability of fuel, and (viii) changes in general economic and competitive conditions. See Risks and Risk Management in the Company's December 31, 2012 annual Management's Discussion and Analysis for further discussion of these and other risks.