

The background of the slide is a photograph of a wind farm. Several white wind turbines are visible against a clear blue sky. The foreground is a field of golden-brown grass. The text is overlaid on the right side of the image.

# **CAPITAL POWER**

## **ANALYST CONFERENCE CALL Q1 2013 REVIEW**

**Brian Vaasjo, President & CEO  
Stuart Lee, SVP & CFO  
April 29, 2013**

# 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 15 of this presentation and in the Company's first quarter 2013 Management's Discussion and Analysis (MD&A) dated April 25, 2013 which has been filed on SEDAR ([www.sedar.com](http://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 disposals (adjusted EBITDA), (ii) funds from operations, (iii) cash flow per share, (iv) discretionary cash flow, (v) normalized earnings attributable to common shareholders, and (vi) 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 operating 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 April 25, 2013 for the quarter ended March 31, 2013 which is available under the Company's profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com) and on the Company's website at [www.capitalpower.com](http://www.capitalpower.com).

# Corporate updates

## *Purchased interest in Shepard Energy Centre*

- On Feb 28/13, completed the \$237M payment for the first tranche (25% interest) in Shepard
  - Capital Power and ENMAX now jointly control the Shepard project
- Second tranche expected to close in Q1/14 for remaining 25% interest

## *Site selected for Capital Power Energy Centre; a natural gas combined cycle facility with up to 900 MW of capacity*

- Facility to be built on a site near our Genesee plant west of Edmonton
- Site has existing infrastructure, utilities and close proximity to gas pipelines and transmission
- Targeting COD in 2017-20 to meet projected supply requirements in AB
- Continue to explore partnering opportunities

# Q1/13 Operating performance

Plant Availability		Q1/13	Q1/12
Alberta commercial plants	Genesee 3	98%	84%
	Keephills 3	98%	95%
	Clover Bar Energy Centre	99%	98%
	Joffre	92%	94%
	Halkirk	98%	N/A
Alberta contracted plants	Genesee 1	96%	97%
	Genesee 2	94%	100%
Ontario and BC contracted plants	Island Generation	100%	100%
	Kingsbridge 1	99%	99%
	Quality Wind	99%	N/A
North East US commercial plants	Bridgeport	97%	96%
	Rumford	97%	98%
	Tiverton	51%	100%
North Carolina US contracted plants	Roxboro	94%	96%
	Southport	96%	96%
Average		94%	97%

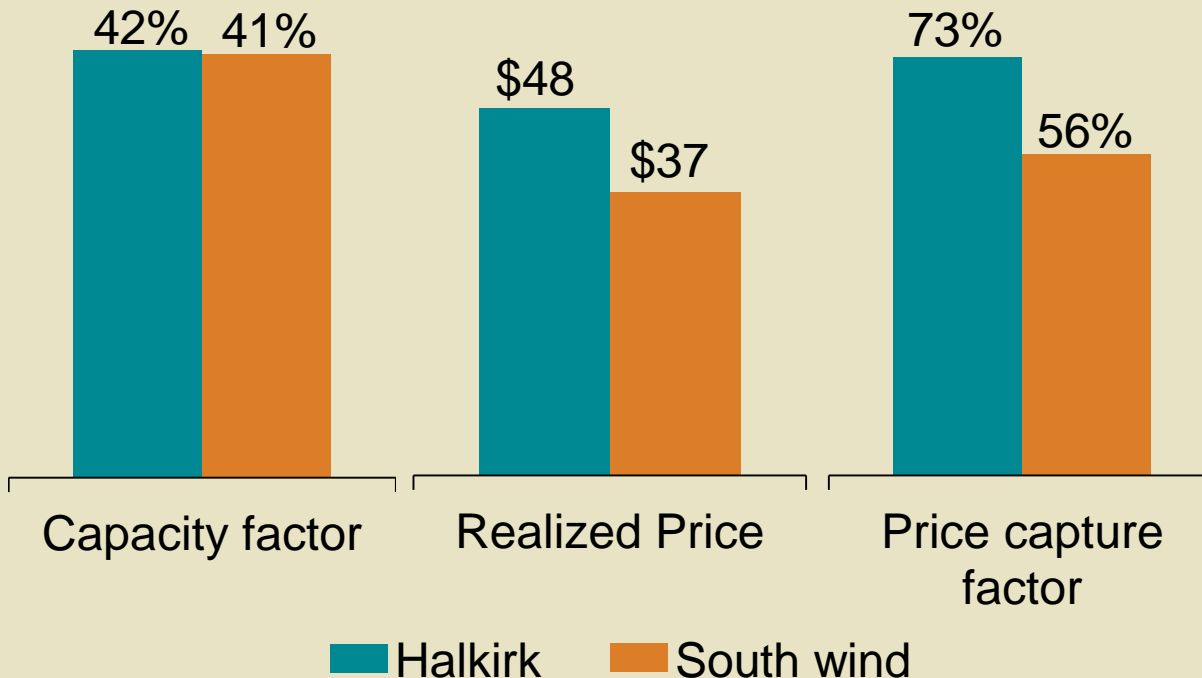
## Solid operating performance

- Average plant availability of 94%
- Achieved 92%+ availability on all plants, excluding Tiverton
- Tiverton's scheduled outage in latter half of year moved ahead to Q1

# Halkirk wind

## *Alberta's best performing wind facility in Q1/13*

- Halkirk made ~25% more revenue than the average of all AB wind units<sup>(1)</sup>



(1) Based on average hourly revenue per installed megawatt.

# Financial performance – Q1/13

\$M, except per share amounts	Q1/13	Q1/12	% Change
Revenues and other income <sup>(1)</sup>	<b>\$354</b>	\$362	(2.2%)
Adjusted EBITDA <sup>(1)</sup>	<b>\$122</b>	\$139	(12%)
Basic earnings per share	<b>\$0.44</b>	\$0.66	(33%)
Normalized earnings per share	<b>\$0.36</b>	\$0.46	(22%)
Funds from operations	<b>\$103</b>	\$116	(11%)
Cash flow per share	<b>\$1.04</b>	\$1.19	(13%)

***YOY, normalized earnings were higher in Q1/12 due to a higher realized AB captured price differential versus spot price***

(1) Before unrealized changes in fair value of energy derivative instruments and Atlantic Power shares.

# AB commercial portfolio positions

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

<b>Apr–Dec, 2013</b>	<b>2014</b>	<b>2015</b>
Hedged positions (% hedged)		
52%	73%	48%
Average hedged prices <sup>(1)</sup> (\$/MWh)		
Mid-\$60	High-\$50	Mid-\$50

(1) The forecast average contracted prices may differ significantly from the future average realized prices as the hedged and unhedged positions have a varying mix of differently priced blocks of power. This impact is accentuated in 2014 which includes one contract-for-differences for 300 MW for the full year that is sold forward for peak periods only.



# Financial outlook

## *No change to outlook*

- 2013 financial targets based on an average AB power price of ~\$58/MWh
- Two major scheduled outages (Genesee 1, Keephills 3) in Q2/13
- Useful lives of our coal plants increased to 50 years from 45, in accordance with revised Federal Government coal regulations, resulting in lower depreciation expense
- Continuing to review alternatives to provide funds to finance our most strategic growth projects
  - Remain committed to retaining our investment grade credit rating and minimize dilution to existing shareholders; therefore, continue to look at monetization of subset of assets
  - Possible alternatives include the sale of a partial or whole interest in bundled wind assets, the Halkirk wind facility, the North East U.S. assets, or other combinations of assets

# Corporate priorities

## Operational targets

Performance measure	2013 Target	Q1/13 Results
Plant availability average	$\geq 93\%$	94%
Sustaining capex	$\leq \$105\text{M}$	\$17M
Maintenance and operating expenses	\$225M - \$245M	\$45M



# Corporate priorities (cont'd)

## Development and construction targets

### Performance

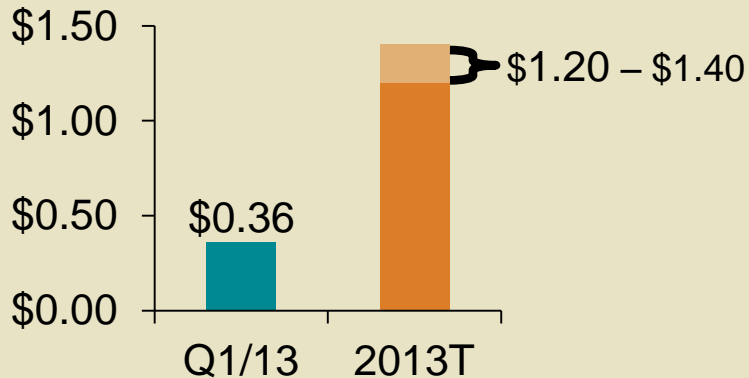
measure	2013 Target	Status
Port Dover & Nanticoke Wind	Continue on budget \$340M, Q4/13 target COD	Received full notice to proceed in Apr/13
K2 Ontario Wind	Environmental approvals received in 2013	On track
Shepard Energy Centre	Continue on budget of \$860M	On track



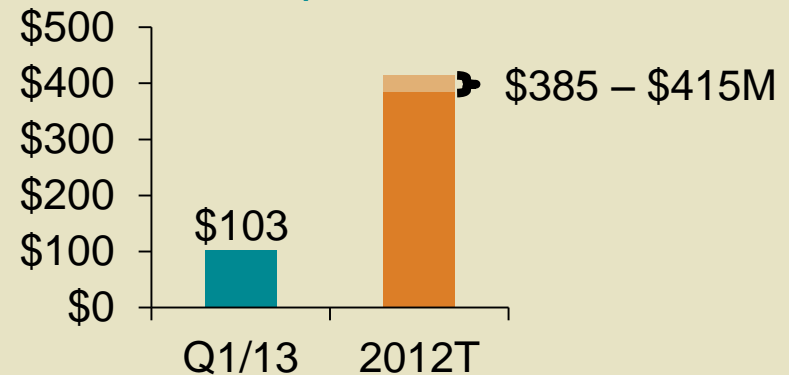
# Corporate priorities (cont'd)

## Financial targets

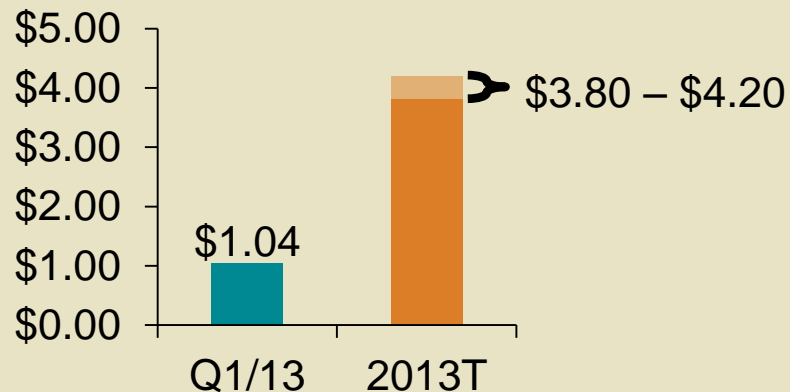
### Normalized EPS



### Funds from operations



### Cash flow per share



*2013 financial targets assume an average AB power price of \$58/MWh*



# { 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, (viii) expectations regarding plant availability, and (ix) expectations regarding capital expenditures for plant maintenance and other.

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 of the Company's first quarter 2013 MD&A dated April 25, 2013.

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 energy commodity market prices 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 MD&A 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.

# { Investor Relations Contacts

Randy Mah  
Senior Manager  
(780) 392-5305  
rmah@capitalpower.com

Chris Williams  
Senior Analyst  
(780) 392-5105  
cwilliams@capitalpower.com

