

CAPITAL POWER

ANALYST CONFERENCE CALL Q3 2013 REVIEW

A photograph of a large industrial power plant facility with several tall smokestacks and complex piping, set against a clear blue sky. In the foreground, there are green bushes with yellow and purple wildflowers.

Brian Vaasjo, President & CEO
Stuart Lee, SVP & CFO
October 28, 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 18 of this presentation and in the Company's third quarter 2013 Management's Discussion and Analysis (MD&A) dated October 25, 2013 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 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 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 October 25, 2013 for the nine months ended September 30, 2013 which is available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at www.capitalpower.com.

Corporate updates

Agreement reached on the sale of US Northeast plants to Emera

- Announced agreement on Aug 28 for the sale of three US Northeast plants to Emera for US\$541M
- Transaction expected to close before year-end subject to regulatory approvals
- Proceeds used to fund our investment in the Shepard Energy Centre and ongoing capital projects

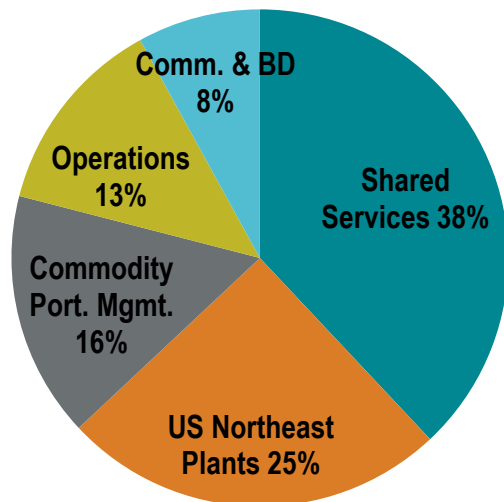
Merchant power activities now focused on Alberta; enables company to operate a leaner core business with less risk

- Also announced commodity and energy trading business activity outside Alberta will be wound down before year-end
- Closure of West, East and natural gas trading desks
- Re-focusing our business is the best way to create immediate and long-term value for our shareholders while rebalancing portfolio risk
- High value investment opportunities exist for Capital Power in the Alberta market
- Expect our investments in Shepard and the future Genesee 4 & 5 (formerly Capital Power Energy Centre) to deliver improved and more stable returns for our shareholders

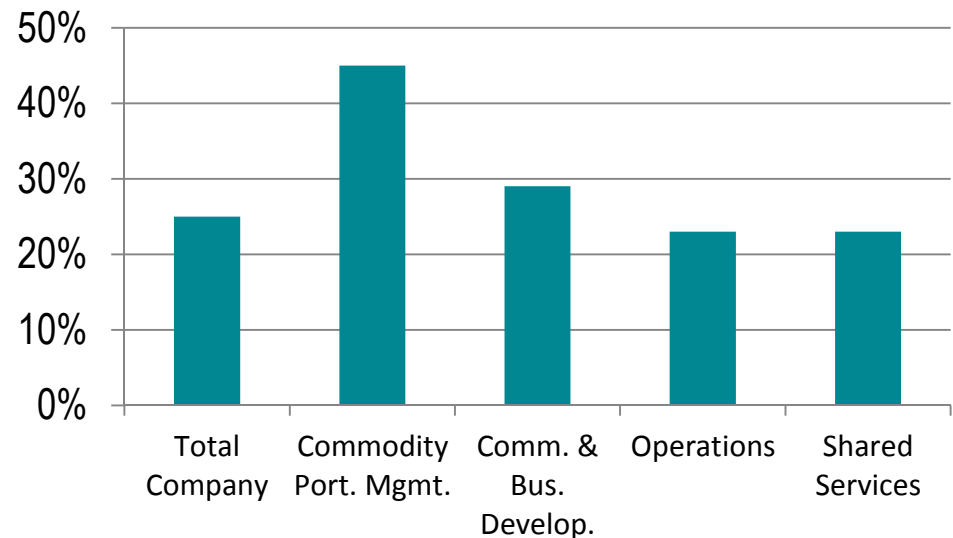
Organizational focus and streamlining

- Refocusing of merchant business and implementation of an Enterprise Resource Planning (ERP) system has resulted in an expected reduction of ~160 full-time employee positions in 2013, excluding 60 employees associated with the sale of the New England assets
- Over a 21-month period (Apr 1/12 to Dec 31/13), expect a reduction of 238 full-time positions (25%) including New England employees with ~700 positions to begin 2014

Total workforce reductions by department



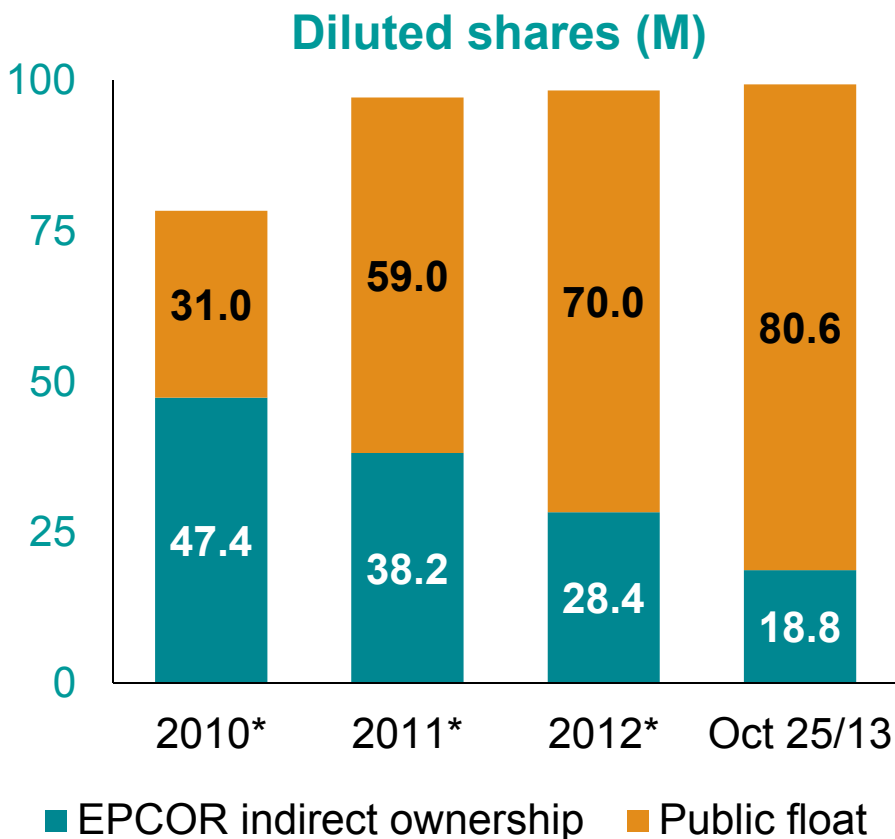
Reductions within each area



Secondary offering of common shares

EPCOR completed a secondary offering of 9.6M common shares on Oct 10/13

- EPCOR's indirect ownership reduced to 19% from 29% and they may only elect two of Capital Power's directors compared to four previously
- Public float shares have grown to 80.6M shares, a 15% increase since the end of 2012, which should help improve trading liquidity
- Continue to expect EPCOR to sell all or a substantial portion of its remaining interest over time



* At year-end.

Q3 Summary

Q3/13 financial performance exceeded our expectations

- Normalized earnings of \$0.72 per share increased significantly from \$0.55 per share a year ago
- Financial performance benefited from higher Alberta power prices that averaged \$84/MWh in Q3/13, compared to \$78/MWh a year ago
- Alberta contracted plants (Genesee 1 & 2) benefited from 99% availability and 30-day rolling average power price of \$98/MWh that generated higher availability incentives revenues

Q3/13 Operating performance

Plant availability		Q3/13	Q3/12
Alberta commercial plants	Genesee 3	99%	100%
	Keephills 3	100%	100%
	Clover Bar Energy Centre	93%	97%
	Joffre	100%	98%
	Halkirk	89%	N/A
Alberta contracted plants	Genesee 1	98%	93%
	Genesee 2	100%	99%
Ontario and BC contracted plants	Island Generation	100%	100%
	Kingsbridge 1	95%	99%
	Quality Wind	100%	N/A
North East US commercial plants	Bridgeport	93%	95%
	Rumford	100%	97%
	Tiverton	96%	99%
North Carolina US contracted plants	Roxboro	97%	97%
	Southport	99%	100%
Average		97%	97%

- 98%+ average availability from all three contracted plant segments in AB, ON & BC, and North Carolina
- AB commercial plants had 96% average availability
 - One unit at Clover Bar had a maintenance outage that was scheduled during low power price period
 - 89% availability at Halkirk wind due to warranty outage related to circuit issues

Financial updates

Sale of US Northeast assets

- Recorded a pre-tax impairment charge of \$6M in Q3/13 based on transaction sales price
- When sale is finalized, expect to record a gain including ~\$51M from accumulated F/X translation gains subject to changes in F/X rates
- Overall, expect a pre-tax gain in excess of \$50M at close subject to F/X rate changes and tax finalization

Recorded restructuring charge related to cost savings initiatives

- Recorded pre-tax restructuring costs of \$12M over Q2/13 and Q3/13 related to workforce reductions and efficiencies in operations and maintenance spending
- Expect annual cost savings of \$25M to \$30M (\$22M for G&A; \$8M operations). Cost savings consist primarily of employee compensation including benefits less margins from the discontinued trading operations

Financial updates (cont'd)

Completed final tranche payment for 50% interest in Shepard facility

- On Sept 30, completed second tranche payment of \$325M to ENMAX for the remaining 25% interest in the Shepard facility; now own 50% of Shepard project
- Plan to repay amounts owed under credit facilities with the proceeds from the New England asset sale



Financial performance – Q3/13

\$M, except per share amounts	Q3/13	Q3/12	% Change
Revenues and other income	\$380	\$394	(4%)
Adjusted EBITDA ⁽¹⁾	\$150	\$144	4%
Basic earnings per share	\$0.55	\$0.55	-
Normalized earnings per share	\$0.72	\$0.55	31%
Funds from operations	\$122	\$128	(5%)
Cash flow per share	\$1.23	\$1.31	(6%)

AB contracted plants generated \$55M in Adjusted EBITDA from high plant availability and \$98/MWh rolling average power price

(1) Before unrealized changes in fair value of energy derivative instruments and Atlantic Power shares for Q3/13 and Q3/12 of \$1M and \$7M, respectively.

Financial performance – Q3 YTD

\$M, except per share amounts	YTD 2013	YTD 2012	% Change
Revenues and other income	\$1,066	\$1,031	3%
Adjusted EBITDA ⁽¹⁾	\$381	\$356	7%
Basic earnings per share	\$1.19	\$0.65	83%
Normalized earnings per share	\$1.35	\$1.06	27%
Funds from operations	\$310	\$298	4%
Cash flow per share	\$3.13	\$3.05	3%

Positive YTD results ahead of expectations

(1) Before unrealized changes in fair value of energy derivative instruments and Atlantic Power shares for Q3/13 YTD and Q3/12 YTD of \$9M and \$12M, respectively.

AB commercial portfolio positions

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

	Oct-Dec, 2013	2014	2015
Percentage sold forward	81%	92%	77%
Average contracted prices ⁽¹⁾ (\$/MWh)	Mid-\$60	High-\$50	Mid-\$50
Forward prices (\$/MWh) (as of Sept 30/13)	\$62	\$58	\$50

- Sensitivity analysis to +/- \$1/MWh change in Alberta power prices
 - 2013: +/- \$2M to Adjusted EBITDA

(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

Company expects to exceed 2013 financial guidance

- Expect full year 2013 financial results to exceed our annual guidance of \$1.20 to \$1.40 for normalized earnings per share and \$3.80 to \$4.20 for cash flow per share
 - Based on our positive YTD results with AB power prices averaging \$90/MWh in first nine months of the year compared to \$58/MWh assumption used to develop 2013 financial targets
- 2013 growth capex estimate revised to \$969M from \$635M estimate (Q4/12 MD&A disclosure) due to acceleration of the Shepard second tranche payment to Q3/13 from Q1/14
- Sale of New England assets is not expected to have a material impact on 2013 normalized earnings per share and cash flow per share
- With EPCOR's indirect ownership falling below 20%, EPCOR has the right to call the outstanding long-term debt payable of ~\$342M at end of Q3/13
 - Do not expect debt to be called; if the debt was called, view it as a positive as it would provide an opportunity to reduce interest cost and extend term

Corporate priorities

Operational targets

Performance measure	2013 Target	Q3/13 YTD Results
Plant availability average	$\geq 93\%$	93%
Sustaining capex	$\leq \$105\text{M}$	\$68M
Maintenance and operating expenses	\$225M - \$245M	\$143M



Corporate priorities (cont'd)

Development and construction targets

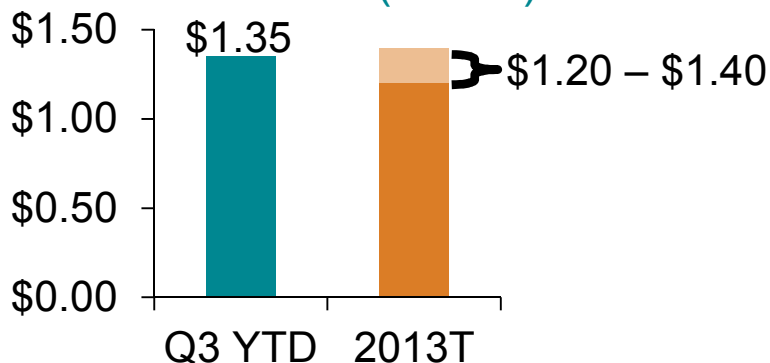
Performance measure	2013 Target	Status
Port Dover & Nanticoke Wind	Continue on budget \$340M, Q4/13 target COD	On track
K2 Ontario Wind	Environmental approvals received in 2013	✓
Shepard Energy Centre	Continue on budget of \$860M	On track



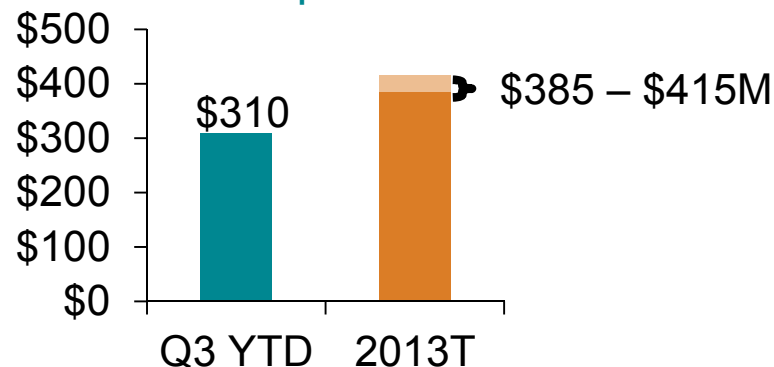
Corporate priorities (cont'd)

Financial targets

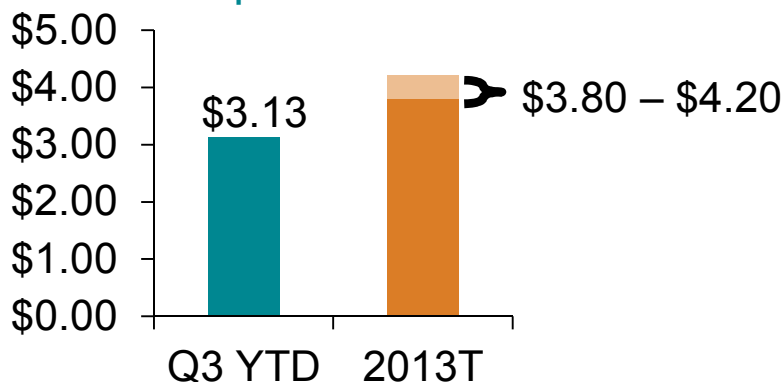
Normalized EPS (NEPS)



Funds from operations



Cash flow per share



Expect full year 2013 financial results to exceed our annual guidance of \$1.20 to \$1.40 for NEPS and \$3.80 to \$4.20 for cash flow per share

{ QUESTIONS?

Port Dover & Nanticoke wind project

Capital
Power 

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, (ix) expectations regarding the sale of the North East U.S. assets and the refocusing of the Company's merchant power business, and (x) 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 in the Company's MD&A dated October 25, 2013 for the nine months ended September 30, 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.

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