

CAPITAL POWER

Q2/14 Analyst Conference Call July 28, 2014

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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 16 of this presentation and in the Company's second quarter 2014 Management's Discussion and Analysis (MD&A) dated July 25, 2014 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 gains or losses, and gains on disposals (adjusted EBITDA), (ii) funds from operations (FFO), (iii) normalized earnings attributable to common shareholders, and (iv) 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 July 25, 2014 for the quarter ended June 30, 2014 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

Finalized agreements with ENMAX on Genesee 4 & 5 facilities

- Joint arrangement agreements finalized with ENMAX in July 2014 to develop, construct, own and operate the Genesee 4 & 5 facilities
- Capital Power will lead the development and construction of the project and will be the operator of the natural gas-fired facility (~1,000 MW). Construction will consist of a two train one-on-one configuration with each train generating ~500 MW
- Agreement includes an 8-year tolling arrangement under which ENMAX will purchase 50% of Capital Power's share of the output for 8 years
- Genesee 4 & 5 is scheduled for completion later this decade when additional generation in Alberta will be required to meet growing demand and replace generation from the retirement of coal-fired units

Corporate updates

Shepard construction update

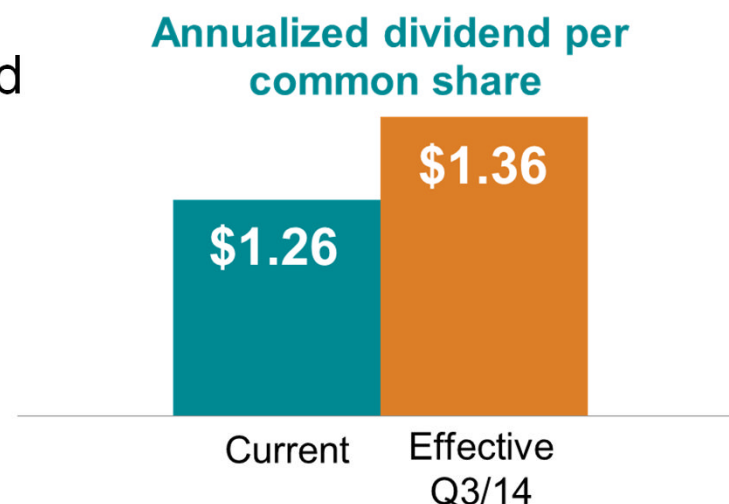
- Construction of the 800 MW natural gas combined cycle facility is approximately 97% completed
- First fire scheduled for early August with construction expected to be completed by the end of 2014
- COD targeted in early 2015



Dividend increase

A \$0.10 increase to annual dividend; now \$1.36 per share

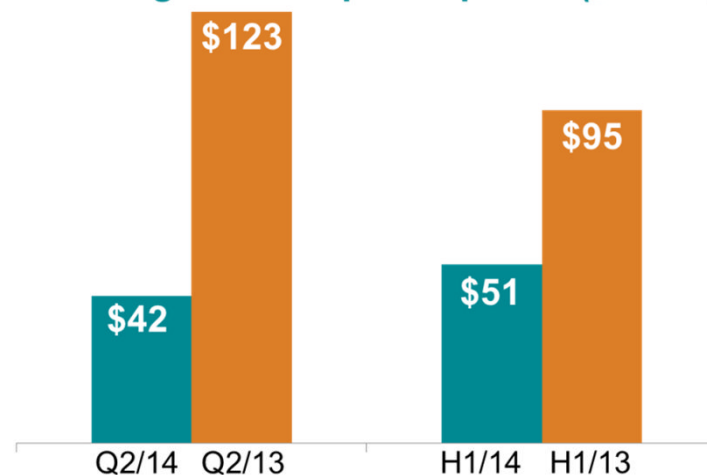
- Effective with Q3/14 dividend, quarterly dividend increased by 7.9% to \$0.34 from \$0.315
- Contracted cash flow base has grown significantly with the additions of three contracted wind facilities since 2012 and with the scheduled additions of Shepard and K2 Wind in 2015
- Dividend increase underlines the Company's confidence in the growing and sustainable cash flows based on a solid asset base and a strong outlook
- Well positioned to consistently increase the dividend while also reinvesting in growth opportunities



Q2/14 results

- Results impacted by seasonally weak Alberta power prices of \$42/MWh compared to an unusual \$123/MWh in Q2/13 caused by numerous planned/unplanned plant outages and low wind generation

Average Alberta power prices (\$/MWh)



- 14% lower generation from AB commercial plants and acquired Sundance PPA segment due to:
 - Derates at Genesee 3 and Keephills 3 due to transmission constraints in May
 - Sundance 6 planned outage
 - Keephills 3 derate from operational issues

Q2/14 Operating performance

Plant availability

Q2/14 Q2/13

Alberta commercial plants	Genesee 3	96%	100%
	Keephills 3	100%	65%
	Clover Bar	98%	99%
	Joffre	95%	100%
	Halkirk	98%	99%
Alberta contracted plants	Genesee 1	96%	61%
	Genesee 2	66%	86%
Ontario and BC contracted plants	Island Generation	100%	100%
	Kingsbridge 1	97%	96%
	Port Dover & Nanticoke	94%	N/A
	Quality Wind	99%	98%
North East US commercial plants	Bridgeport	N/A	83%
	Rumford	N/A	77%
	Tiverton	N/A	93%
North Carolina US contracted plants	Roxboro	96%	88%
	Southport	93%	94%
Average		92%	86%

- Overall average fleet availability of 92% in Q2/14 versus 86% in Q2/13
- 97% average availability from owned AB commercial plants
- Genesee 2
 - Lower availability due to 26-day planned maintenance outage from Apr 19 to May 14
- 2014 YTD average availability of 94%



Financial review

Portfolio optimization	Q2/14	Q2/13	Change
Spot power price average (MW/h)	\$42	\$123	(66%)
Realized power price ⁽¹⁾ (MW/h)	\$57	\$93	(39%)

Q2/14 results impacted by the hedge position on the AB power portfolio resulting in a captured price of \$57/MWh, compared to a \$93/MWh captured price a year ago

(1) Realized power price is the average price realized on the Company's commercial contracted sales and portfolio optimization activities.

Financial performance – Q2/14

\$M, except per share amounts	Q2/14	Q2/13	Change
Revenues	\$240	\$321	(25%)
Adjusted EBITDA (before mark-to-market) ⁽¹⁾	\$91	\$109	(17%)
Basic earnings per share	\$0.17	\$0.20	(15%)
Normalized earnings per share	\$0.07	\$0.27	(74%)
Funds from operations	\$85	\$85	-

Q2/14 results reflected low AB power prices, lower generation from AB commercial plants and acquired Sundance PPA segment including Keephills 3 and Genesee 3 derates, and divestiture of New England assets in Nov/13

(1) Before unrealized changes in fair value of commodity derivatives for Q2/14 and Q2/13 of (\$13M) and (\$5M), respectively.



Financial performance – 2014 YTD

\$M, except per share amounts	2014 YTD	2013 YTD	Change
Revenues	\$548	\$686	(20%)
Adjusted EBITDA (before mark-to-market) ⁽¹⁾	\$197	\$231	(15%)
Basic earnings per share	\$0.50	\$0.64	(22%)
Normalized earnings per share	\$0.39	\$0.63	(38%)
Funds from operations	\$177	\$191	(7%)

2014 YTD results reflect low AB power prices that averaged \$51/MWh, lower availability and generation from AB commercial plants and acquired Sundance PPA, and divestiture of New England assets in Nov/13

(1) Before unrealized changes in fair value of commodity derivatives for Q2/14 and Q2/13 of (\$6M) and \$8M, respectively.



2014 Financial outlook

No change to 2014 annual guidance

- AB power prices in the second half of 2014 are expected in the low-\$60/MWh range
- Alberta portfolio hedged positions (% sold forward)

	Jul-Dec, 2014	2015	2016
Percentage sold forward ⁽¹⁾	100%	86%	46%
Average contracted prices ⁽²⁾ (\$/MWh)	Mid-\$50	Mid-\$50	Mid-\$50
Forward prices (\$/MWh) (as of Jun 30/14)	\$63	\$49	\$50

Including the \$20M received from the amendments to the Genesee Coal Mine Agreements, expect 2014 FFO to be near the mid-point of the \$360 - \$400M guidance range

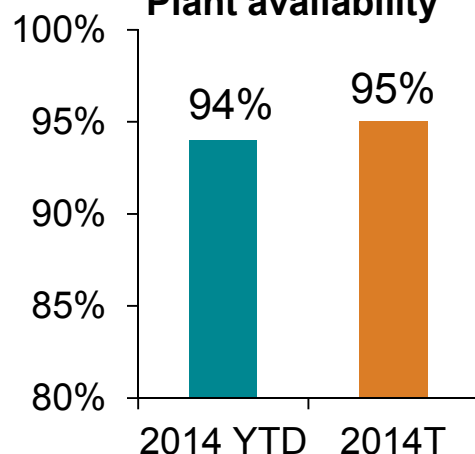
(1) Based on baseload plants and the acquired Sundance PPA plus a portion of Joffre and the uncontracted portion of Shepard Energy Centre baseload.

(2) 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.

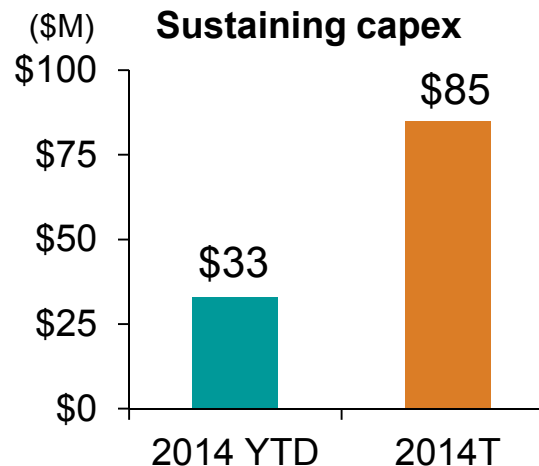
2014 Corporate priorities

Operational and financial targets

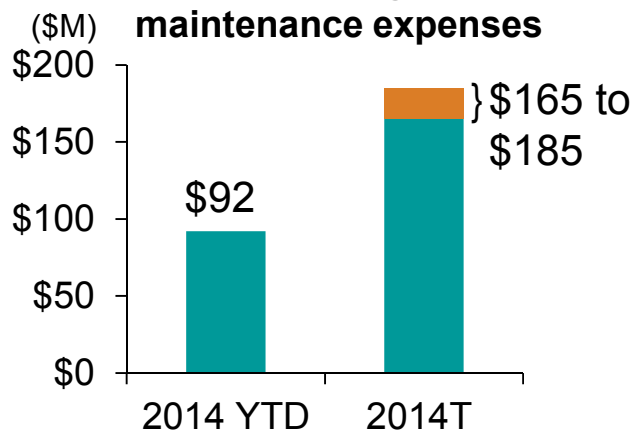
Plant availability



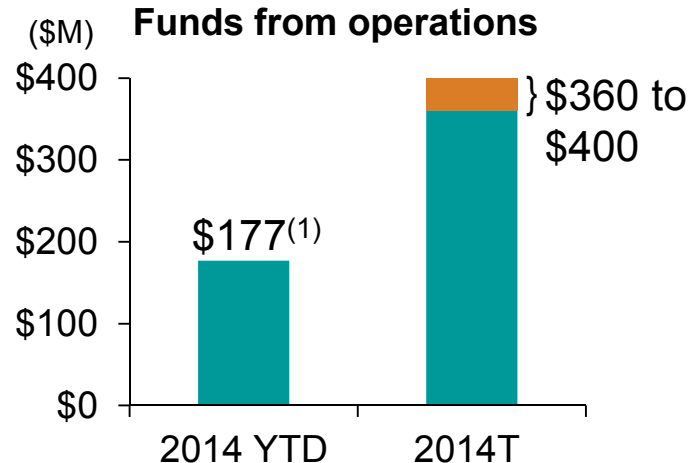
Sustaining capex



Plant operating & maintenance expenses



Funds from operations



(1) 2014 YTD FFO of \$177 million includes \$20M received in Q2/14 arising from the amendments to the Genesee Coal Mine Agreements.



2014 Corporate priorities

Development and construction targets

	2014 Targets	Status
K2 Wind	Commence construction & complete project financing	Construction commenced following completion of the \$850M project financing in Q1/14
Shepard Energy Centre	Complete construction with COD in early 2015	Construction on track for completion by end of 2014 with COD in early 2015
Genesee 4 & 5	Continue on track for Q1/15 permitting approval	On track with target

Continue building on strong track record for successful development projects

{ QUESTIONS?



Forward-looking information

Forward-looking information or statements included in this presentation and in responses to questions on the analyst conference call 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 revenues, expenses, earnings and funds from operations, (ii) expectations regarding the future pricing of electricity and market fundamentals in existing and target markets, (iii) expectations related to the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions, (iv) expectations regarding the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings, (v) expectations regarding future growth and emerging opportunities in the Company's target markets including the focus on certain technologies, (vi) expectations regarding the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions, (vii) expectations regarding plant availability, and (viii) 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, 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 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, 2013 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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