

CAPITAL POWER

Q4/14 and 2014 year-end
Analyst Conference Call
February 23, 2015

Brian Vaasjo, President & CEO
Stuart Lee, SVP Finance & CFO



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 17 of this presentation and in the Company's annual 2014 Management's Discussion and Analysis (MD&A) prepared as of February 20, 2015 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, therefore, are 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 prepared as of February 20, 2015 for the year ended December 31, 2014, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

2014 Highlights

- Completed final stages of construction with ENMAX on the Shepard Energy Centre with expected COD in Q1/15
- Completed project financing and commenced construction of the K2 Wind project (1/3 ownership of 270 MW project) with expected COD in mid-2015
- Executed agreements with ENMAX to develop, construct and operate the Genesee 4 &5 project; all major regulatory approvals received in Jan/15 to proceed with construction
- Acquired a portfolio of wind and solar development sites in the U.S. that will provide solid foundation for growth
- Announced Company's first common share dividend increase, a 7.9% increase in the annual dividend effective with Q3/14 dividend

Q4/14 Operating performance

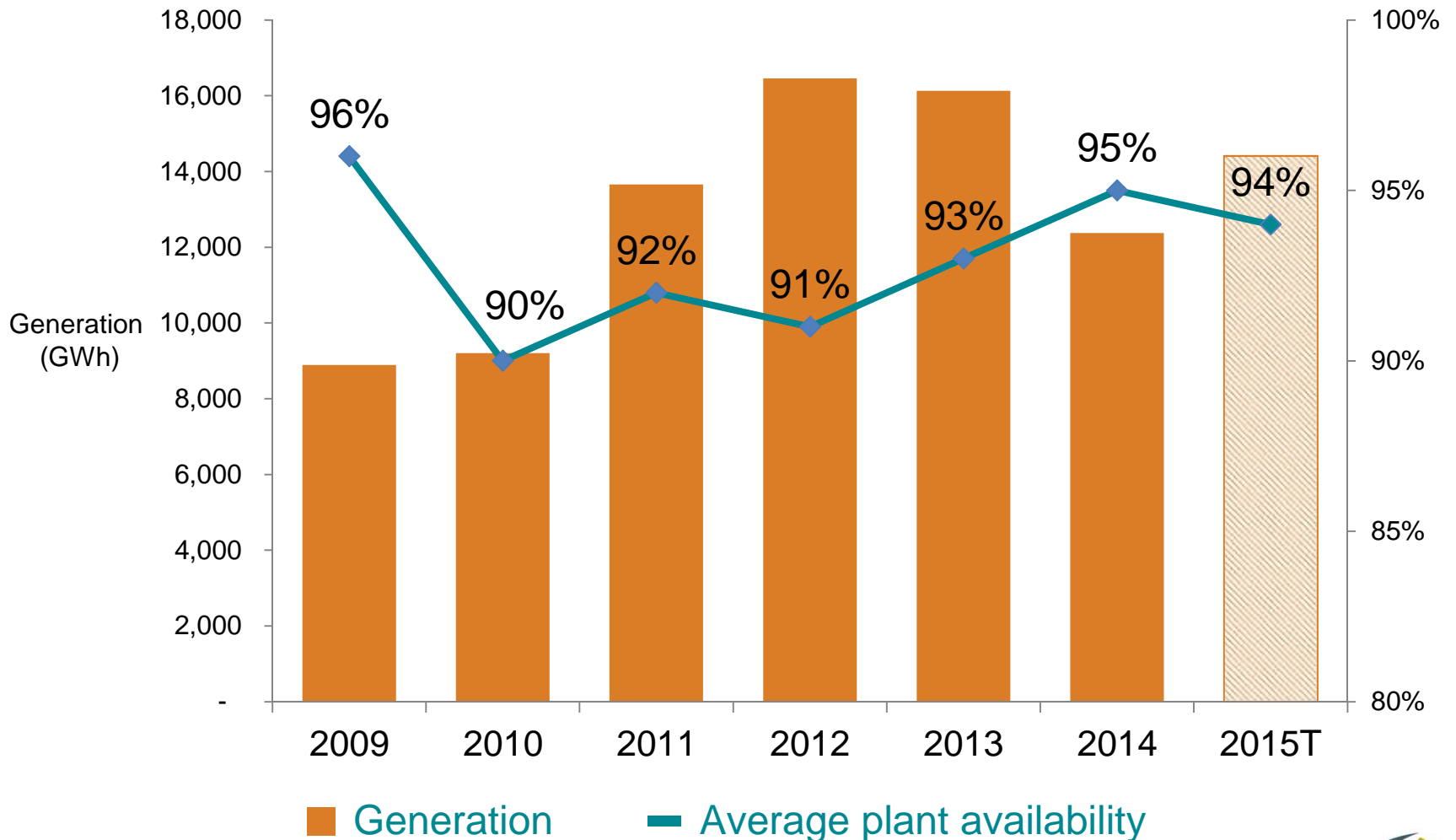
| Plant availability | | Q4/14 | Q4/13 |
|----------------------------------|------------------------|------------|--------------------------|
| Alberta commercial plants | Genesee 3 | 74% | 98% |
| | Keephills 3 | 92% | 99% |
| | Clover Bar | 90% | 91% |
| | Joffre | 82% | 85% |
| | Halkirk | 98% | 99% |
| Alberta contracted plants | Genesee 1 | 100% | 100% |
| | Genesee 2 | 100% | 95% |
| Ontario and BC contracted plants | Island Generation | 100% | 99% |
| | Kingsbridge 1 | 96% | 94% |
| | Port Dover & Nanticoke | 97% | 95% |
| | Quality Wind | 98% | 98% |
| US contracted plants | Roxboro | 100% | 98% |
| | Southport | 88% | 91% |
| | Macho Springs | 99% | N/A |
| Average | | 94% | 93%⁽¹⁾ |

- Strong operating performance with average plant availability of 94% in Q4/14; compared with 93% in Q4/13
- 74% availability at Genesee 3 due to a 27-day planned outage in Sep-Oct/14

(1) Q4/13 Average includes plant availability for U.S. commercial plants that were divested in Nov/13.

Proven track record of high fleet availability

Plant availability consistently 90%+ in past 6 years



Q4/14 Financial review

- Generated \$102M of FFO in Q4/14 in-line with expectations
- Normalized EPS of \$0.20 in Q4/14 was lower than expected due to the non-cash impact of 2014 deferred tax expenses and lower wind generation at Quality Wind and Port Dover & Nanticoke
- Despite a 39% decline in average AB power prices in Q4 YOY, hedging program captured a 93% higher realized average power price versus spot compared with 31% in Q4/13

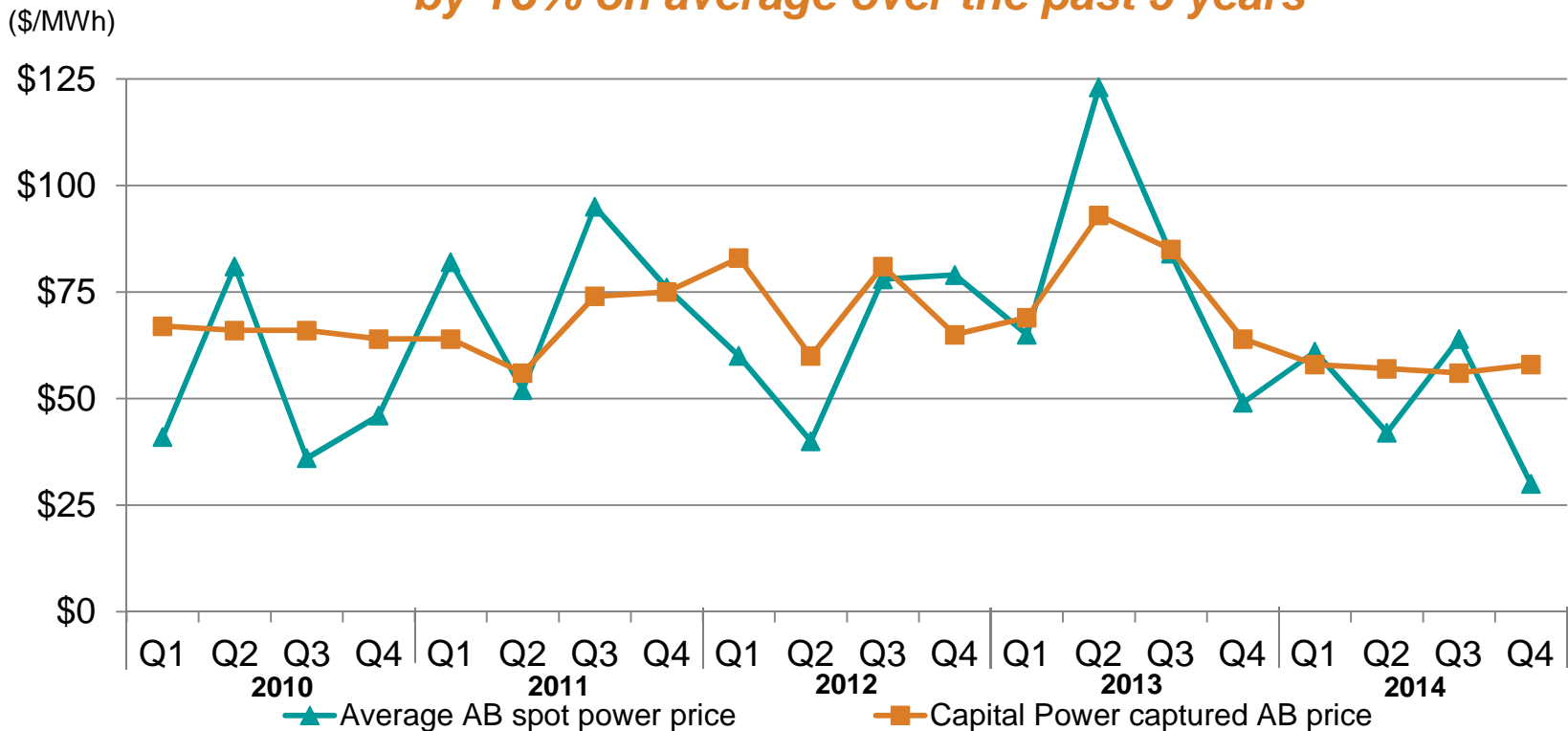
| Portfolio optimization | Q4/14 | Q4/13 |
|--|--------------|--------------|
| AB spot power price average (MW/h) | \$30 | \$49 |
| Realized power price ⁽¹⁾ (MW/h) | \$58 | \$64 |
| % realized above spot power price | 93% | 31% |

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

Alberta power market trading

- Portfolio optimization activities focused on managing exposure to commodity risks, reducing volatility and creating incremental value

Average realized power price has exceeded spot power prices by 16% on average over the past 5 years



Financial performance – Q4/14

| \$M, except per share amounts | Q4/14 | Q4/13 | Change |
|--|---------------|--------|--------|
| Revenues | \$432 | \$327 | 32% |
| Adjusted EBITDA (before mark-to-market) ⁽¹⁾ | \$104 | \$102 | 2% |
| Basic earnings per share | \$0.40 | \$0.89 | (55%) |
| Normalized earnings per share | \$0.20 | \$0.40 | (50%) |
| Funds from operations | \$102 | \$110 | (7%) |

Normalized EPS lower than Q4/13 primarily due to higher coal costs for the AB contracted plants and the non-cash impact of 2014 deferred tax expenses

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of \$37M and \$17M for Q4/14 and Q4/13, respectively.

Financial performance – 2014

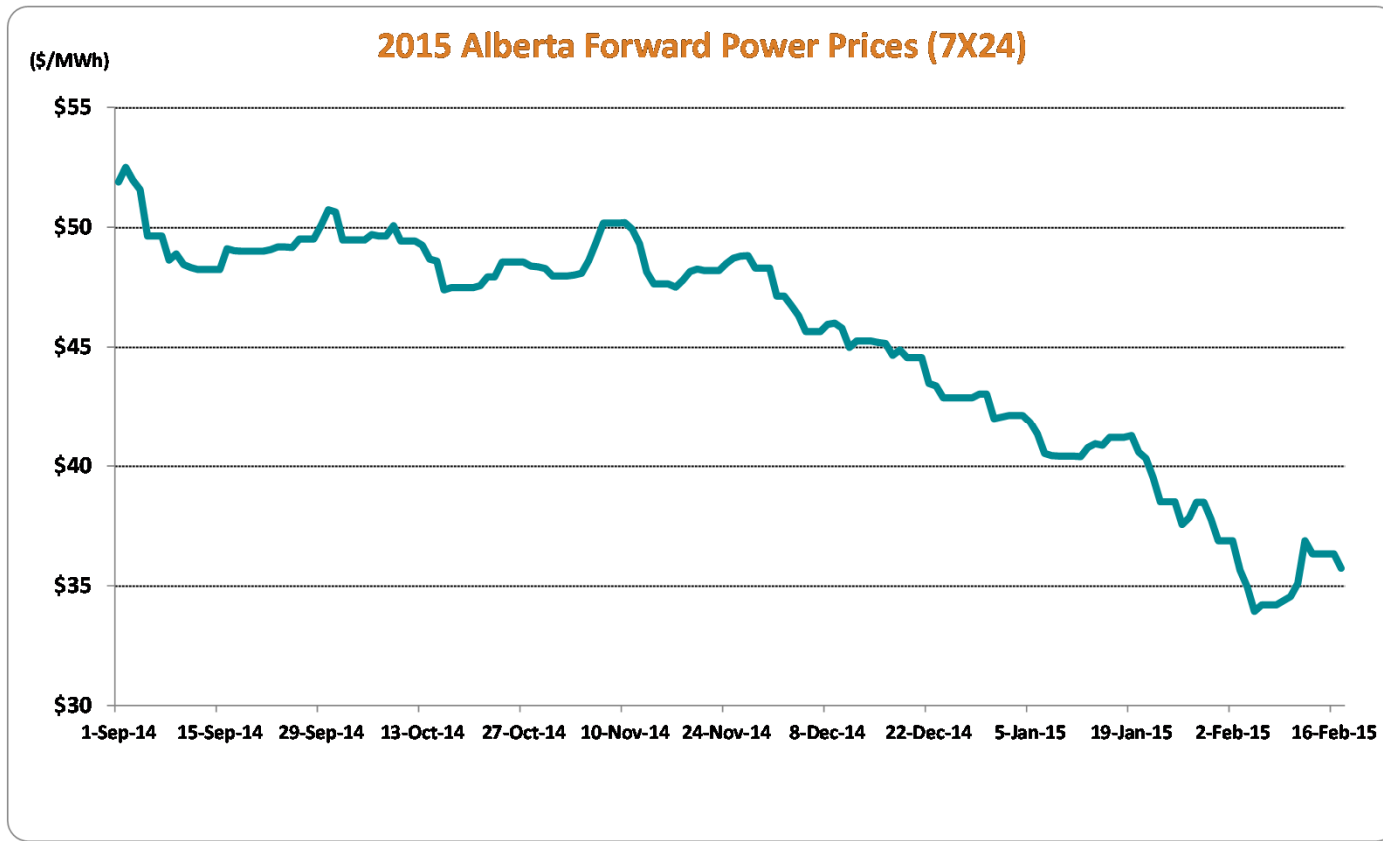
| \$M, except per share amounts | 2014 | 2013 | Change |
|--|----------------|-------------|---------------|
| Revenues | \$1,228 | \$1,393 | (12%) |
| Adjusted EBITDA (before mark-to-market) ⁽¹⁾ | \$387 | \$483 | (20%) |
| Basic earnings per share | \$0.28 | \$2.13 | (87%) |
| Normalized earnings per share | \$0.72 | \$1.74 | (59%) |
| Funds from operations | \$362 | \$426 | (15%) |

Generated \$362M in funds from operations that was in-line with 2014 financial target of \$360 to \$400 million

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of \$36M and \$26M for 2014 and 2013, respectively.

Alberta power price outlook

- Saw a sharp decline in 2015 forward prices in late Jan 2015 when spot prices began to decline, Shepard Energy Centre reaching material generation levels and declining natural gas prices



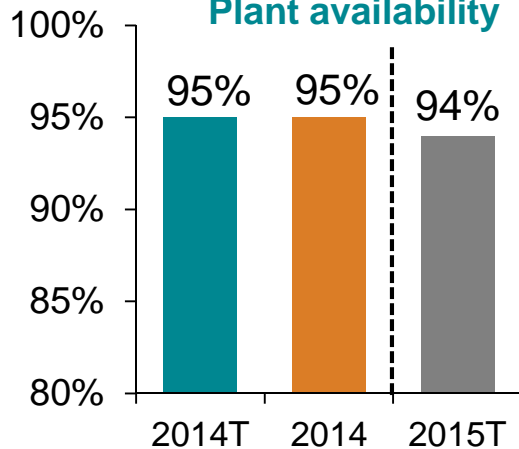
Financial outlook

- Due to a significant decline in global oil prices that is expected to lower both economic and power demand growth in AB, along with lower forward natural gas prices for 2015, AB power forward prices have recently declined
- 2015 AB power forwards are currently in mid-\$30/MWh range, which is lower than our original forecast assumption of \$44/MWh
- Actions taken over the last several years including our hedging and cost reduction programs anticipated lower pricing in 2015
- AB baseload position for 2015 is fully hedged in the mid-\$50/MWh
- 2015 FFO expectation remains the same but in the lower end of \$365M to \$415M guidance range
- Company's financial strength is based on the foundation of strong contracted cash flow which is not impacted by changing AB power prices – remain confident in our credit rating and dividend growth outlook

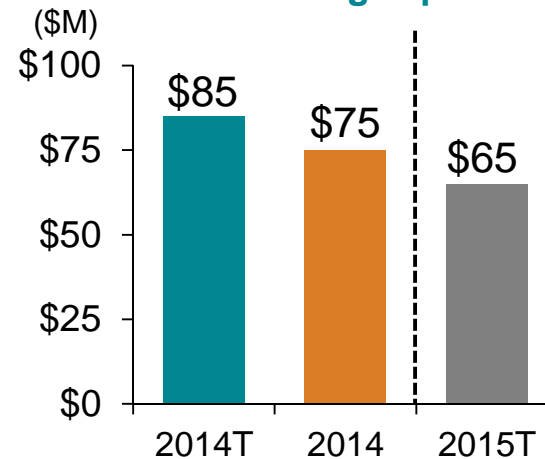
2014 Performance & 2015 targets

Operational and financial targets

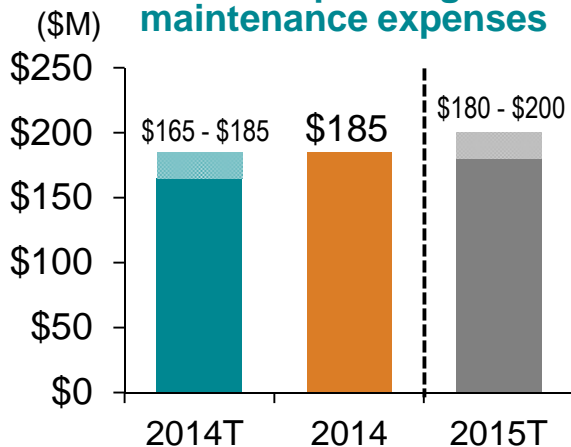
Plant availability



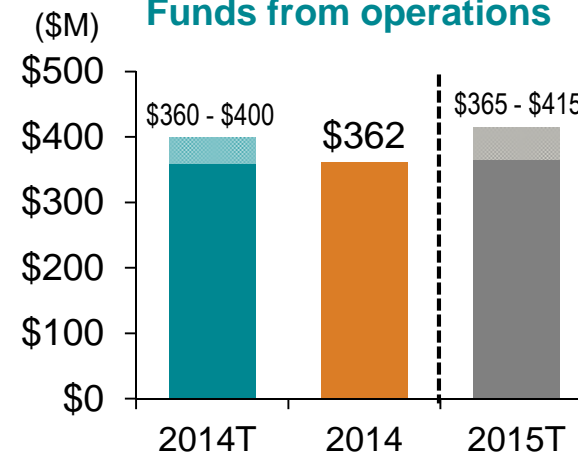
Sustaining capex



Plant operating & maintenance expenses



Funds from operations



2015 Development & construction targets

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

K2 Wind (Ontario)

- Complete construction for COD in mid-2015



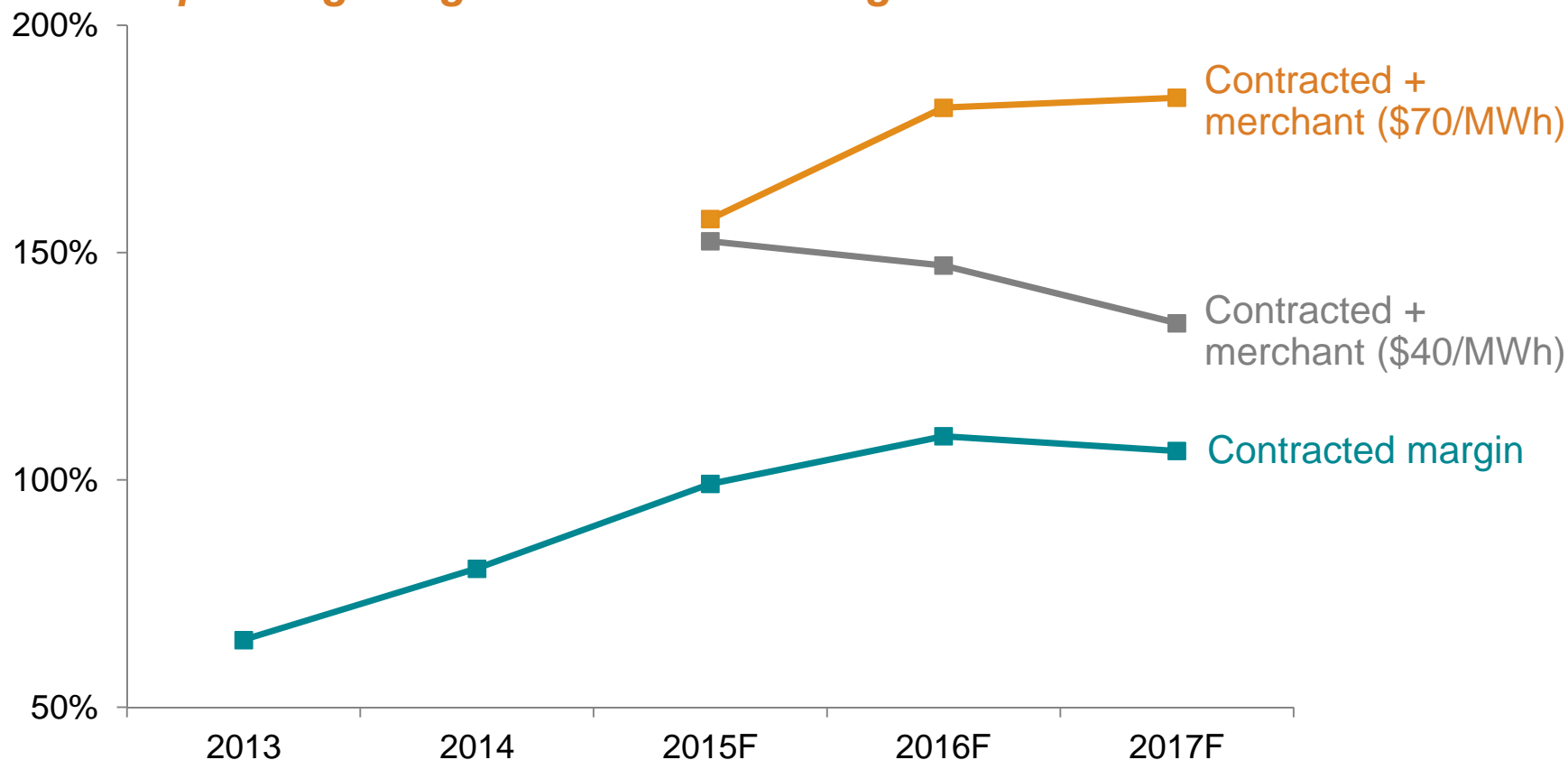
Genesee 4&5 (Alberta)

- Transition from development to construction



Financial obligations & dividends fully covered by contracted cash flow

Operating margin⁽¹⁾ to financial obligations⁽²⁾ and dividends⁽³⁾



(1) Merchant margin is calculated using \$40/MWh and \$70/MWh and is based on hedge position as at December 31, 2014.

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

(3) Dividends include common dividends, preferred dividends and CPLP distributions.

{ 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 includes expectations regarding:

- future revenues, expenses, earnings and funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- the Company's future cash requirements, capital expenditures, and dividends and distributions,
- the Company's sources of funding,
- future growth and emerging opportunities in the Company's target markets,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions
- plant availability, and
- 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, expected future developments, and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to:

- electricity and other energy prices,
- performance,
- business prospects and opportunities including expected growth and capital projects,
- status of and impact of policy, legislation and regulations,
- effective tax rates, and
- other matters discussed under the Performance Overview and Outlook and Targets for 2015 sections of the MD&A.

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:

- changes in electricity prices in markets in which the Company operates,
- changes in energy commodity market prices and use of derivatives,
- regulatory and political environments including changes to environmental, financial reporting and tax legislation,
- power plant availability and performance including maintenance of equipment,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and availability of fuel, and
- changes in general economic and competitive conditions.

See Risks and Risk Management in the 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 Contact

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

Head Office

10th Floor
10423 – 101 Street NW
Edmonton, AB T5H 0E9
www.capitalpower.com