

CAPITAL POWER

Q2/15 Analyst Conference Call
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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 17 of this presentation and in the Company's second quarter 2015 Management's Discussion and Analysis (MD&A) prepared as of July 24, 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 July 24, 2015 for the quarter ended June 30, 2015, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.



Q2/15 Highlights

- Solid operating performance with average plant availability of 90% reflecting both planned and unplanned outages
- Normalized EPS of \$0.10 were slightly below expectations but higher than \$0.07 in Q2/14
- Funds From Operations (FFO) of \$70M were modestly below expectations and lower than \$85M in Q2/14
- Based on the results in the first half of the year and our expectations for the remainder of 2015, our outlook has modestly improved but remains at the low end of our FFO target range

Q2/15 Operating performance

Plant availability		Q2/15	Q2/14
Alberta commercial plants	Genesee 3	100%	96%
	Keephills 3	97%	100%
	Clover Bar	95%	98%
	Joffre	87%	95%
	Shepard	73%	N/A
	Halkirk	98%	98%
Alberta contracted plants	Genesee 1	72%	96%
	Genesee 2	100%	66%
Ontario and BC contracted plants	Island Generation	100%	100%
	K2 Wind	98%	N/A
	Kingsbridge 1	95%	97%
	Port Dover & Nanticoke	97%	94%
	Quality Wind	97%	99%
U.S. contracted plants	Macho Springs	99%	N/A
	Roxboro	87%	96%
	Southport	88%	93%
Average		90%	92%

- 90% average availability in Q2/15
- 73% availability at Shepard due to 28-day unplanned outage relating to Heat Recovery Steam Generator outage
- Completed major scheduled outage at Genesee 1 that reduced availability to 72%



Corporate updates

K2 Wind begins commercial operations

- On May 29/15, K2 Wind became fully operational and capable of generating 270 MW (90 MW to CPX) of power in Ontario under a 20-year PPA
- Capital Power, Samsung Renewable Energy, and Pattern Energy Group are equal partners on the K2 Wind project
- Project completed on-time and on-budget
- Capital Power's share of final construction costs expected to be \$310M

Company's total wind generation of 577 MW now represents 18% of overall capacity with majority of wind output under long-term PPAs



Changes to AB's emissions regulations

- Specified Gas Emitters Regulation (SGER) in Alberta requires facilities that emit 100,000 tonnes or more of greenhouse gases per year to reduce emissions intensity by a specific target
- Alberta Government announced on June 25 changes to SGER:

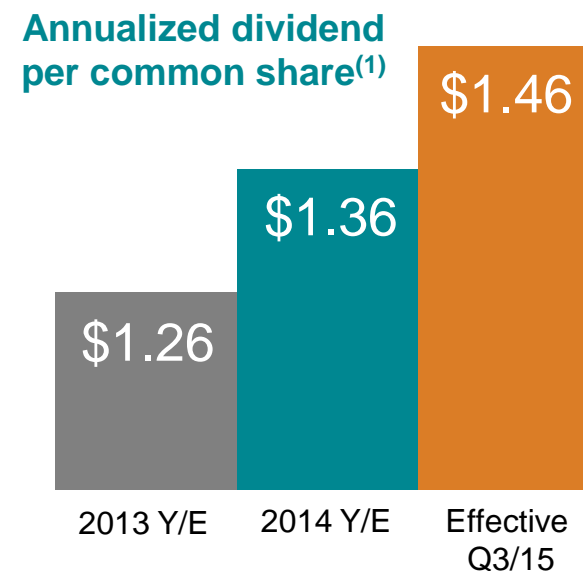
	2015	2016	2017
Emissions intensity reduction	12%	15%	20%
Alberta "Tech Fund" compliance costs (per tonne)	\$15	\$20	\$30

- Between 2016-2020, Capital Power's increase in compliance costs will be partly mitigated by higher wholesale power prices directly caused by the new regulations
- Company has a significant inventory of low-cost carbon offset credits that have been developed over the past 8 years, which are expected to offset the balance of the compliance costs through 2020

Dividend increase

A 10 cents per share increase (7.4%) to the annual dividend

- Effective with Q3/15, quarterly dividend increased 7.4% to \$0.365 from \$0.34 per share
- Contracted cash flow base has grown significantly with the recent additions of Shepard and K2 Wind in 2015
- Dividend increase based on Company's confidence in its growing and sustainable cash flows from a solid base of contracted assets



Well positioned to consistently increase the dividend while also investing in growth opportunities

(1) 2013 and 2014 annualized dividend based on year-end quarterly dividend amount.



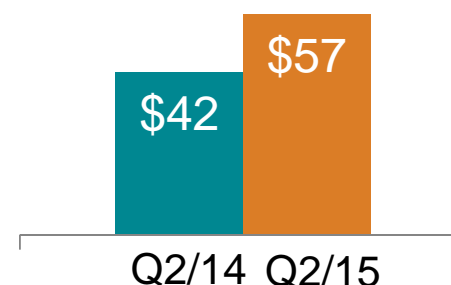
Q2/15 financial review

- Generated \$70M of FFO in Q2/15, modestly below expectations
- Normalized EPS of \$0.10
- Changes to corporate tax rate:
 - Alberta government increased the provincial corporate income tax rate from 10% to 12% effective July 1, 2015
 - As a result of the increase, Company recognized \$19M in additional deferred income tax expense
 - Increased Alberta tax rate not expected to have a cash income tax impact until 2018

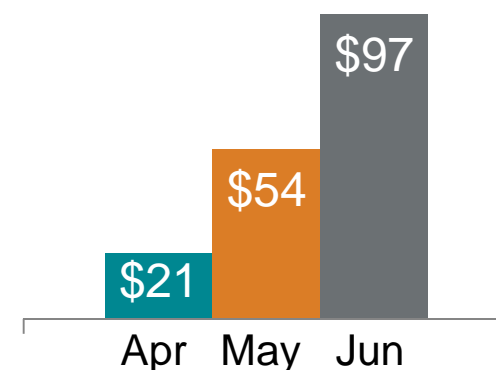
Alberta Commercial segment results

- Alberta power prices averaged \$57/MWh in Q2/15, compared to \$42/MWh in Q2/14
- Shepard outage occurred primarily in June coinciding with other non-Capital Power operated plant outages and warmer weather with AB spot power prices averaging \$97/MWh for the month
- With commercial production 100% sold forward in June, company was required to cover a short market position at prevailing spot prices
- Higher spot prices in June caused a temporary increase in forward rates that benefited our portfolio position for last half of the year
- Also, increased our hedged positions in 2016 (49% to 86%) and 2017 (12% to 25%) compared to Q1/15

Average AB power prices (\$/MWh)



Avg. monthly AB power prices in Q2/15 (\$/MWh)





Financial performance – Q2/15

\$M, except per share amounts	Q2/15	Q2/14	Change
Revenues	\$83	\$240	(65%)
Adjusted EBITDA (before mark-to-market) ⁽¹⁾	\$92	\$91	1%
Basic earnings (loss) per share	(\$0.39)	\$0.17	(329%)
Normalized earnings per share	\$0.10	\$0.07	43%
Funds from operations	\$70	\$85	(18%)

Q2/15 financial results primarily reflect impacts from unplanned Shepard outage

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of (\$47M) and (\$13M) for Q2/15 and Q2/14, respectively.



Financial performance – Q2/15 YTD

\$M, except per share amounts	Q2/15 YTD	Q2/14 YTD	Change
Revenues	\$441	\$548	(20%)
Adjusted EBITDA (before mark-to-market) ⁽¹⁾	\$208	\$197	6%
Basic earnings (loss) per share	(\$0.06)	\$0.50	(112%)
Normalized earnings per share	\$0.40	\$0.39	3%
Funds from operations	\$178	\$177	1%

Year-to-date results showed slight improvement year-over-year

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of (\$16M) and (\$6M) for Q2/15 YTD and Q2/14 YTD, respectively.



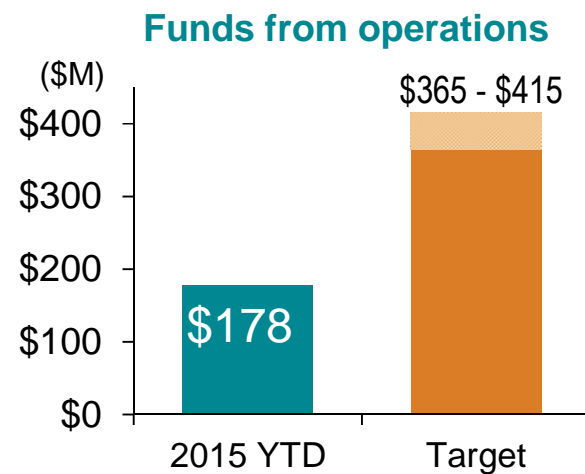
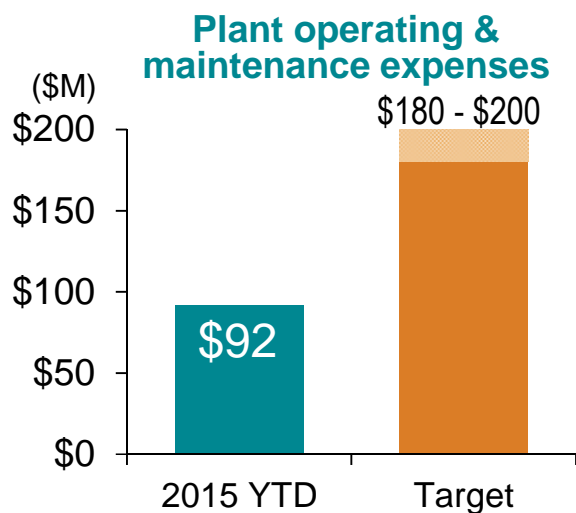
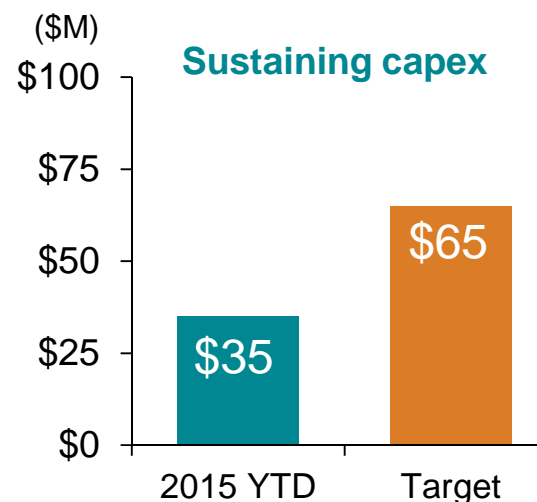
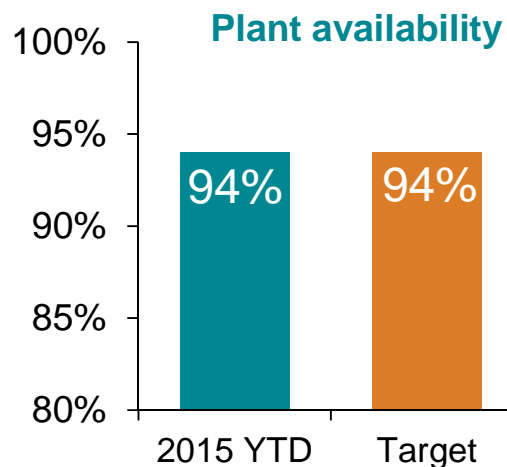
Financial outlook

- Average Alberta power price of \$43/MWh in first half of 2015, consistent with our original forecast assumption of \$44/MWh
- At the beginning of the year, Alberta baseload position for 2015 was significantly hedged in the mid-\$50/MWh
- No change to revised FFO guidance; expect 2015 FFO 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 significantly impacted by changing Alberta power prices – remain confident in our credit rating and dividend growth outlook

Based on year-to-date results and expectations for balance of the year, outlook has modestly improved

2015 YTD performance versus annual targets

Operational and financial targets



On-track to meet 2015 targets

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

*On track;
targeting COD
of Genesee 4 in
2019*



A photograph of an offshore wind farm at sunrise or sunset. The sky is a mix of blue and orange, with wispy clouds. Several wind turbines are visible in the distance, their silhouettes reflected in the calm water. The foreground shows the dark, curved structure of a wind turbine, likely the one the photo was taken from.

{ QUESTIONS?



Forward-looking information

Forward-looking information or statements included in this presentation and in responses to questions 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 including interest and principal repayments, capital expenditures, dividends and distributions,
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings,
- future growth and emerging opportunities in the Company's target markets including the focus on certain technologies,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions
- plant availability and planned outages,
- capital expenditures for plant maintenance and other, and,
- future income taxes payable.

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 in the Company's Q2/15 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 Q2/15 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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