

CAPITAL POWER

Q4/15 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 that 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 annual 2015 Management's Discussion and Analysis (MD&A) prepared as of February 18, 2016 which is available under the Company's profile on SEDAR at sedar.com and on the Company's website at capitalpower.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, income from joint venture, and gains on disposals (adjusted EBITDA), (ii) funds from operations (FFO), (iii) normalized earnings attributable to common shareholders, and (iv) normalized earnings per share (EPS) 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 18, 2016 for the year ended December 31, 2015, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

2015 Summary

- Solid performance in 2015 with Company meeting or exceeding its annual operating and financial targets
 - Average plant availability of 95% compared to 94% target
 - Generated \$400M in FFO, at the upper end of \$365M-\$415M target

- Continued to strengthen contracted cash flows with the addition of three new facilities



Shepard
(50% of 400 MW capacity contracted)



K2 Wind
(100% of 90 MW capacity contracted)



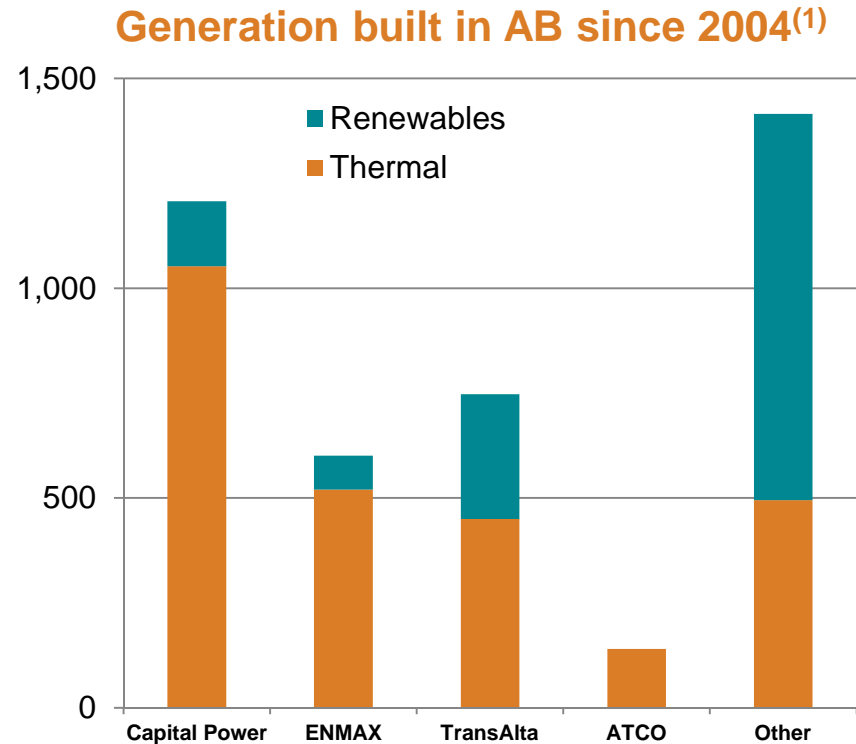
Beaufort Solar
(100% of 15 MW capacity contracted)

- Increased annual dividend by 7.4% and provided dividend growth guidance of 7% per year from 2016-2018
- Bought back ~6 million common shares (~7% of outstanding shares)

Alberta Climate Leadership Plan

Accelerated phase-out of coal facilities, replacement with renewables and merchant natural gas

- Phase out coal-fired power by 2030 and replace at least two-thirds of retired coal generation with renewable power
- Capital Power is the leading IPP developer in the Alberta market and well-positioned to develop and build renewables and natural gas-fired facilities



1) Excludes generation for oilsand developments and coal-fired unit expansions.

Alberta Climate Leadership Plan

Compensation for accelerated phase-out of coal facilities

- Government of Alberta (GOA) committed to avoid “unnecessarily stranding capital” and “treat companies fairly”
- Believe we will be fairly compensated for early shutdown of Genesee 1 & 2 and our 50% interest in Genesee 3 and Keephills 3
- Still awaiting appointment of facilitator
- Our understanding is GOA aiming to announce the facilitator’s name and mandate in the near future and commence discussions with affected coal companies at that time
- Details regarding timelines/schedule for discussions remain unknown

Ensuring we receive fair compensation remains a top priority

Genesee 4&5 project

Next large natural gas-fired facility to be built in Alberta

- Limited construction activities took place in 2015 due to GOA's *Climate Leadership Plan* (CLP)
- Full notice to proceed (FNTP) deadline with turbine manufacturer has been deferred by up to 90 days from March 1, 2016
- FNTP for Genesee 4&5 project with targeted completion as early as 2020 is contingent on:
 - Fair compensation for the projected accelerated closure of coal-fired generation
 - Clarity that implementation of CLP will have no adverse impact on the Alberta electricity market design
 - Price signals from the energy only market

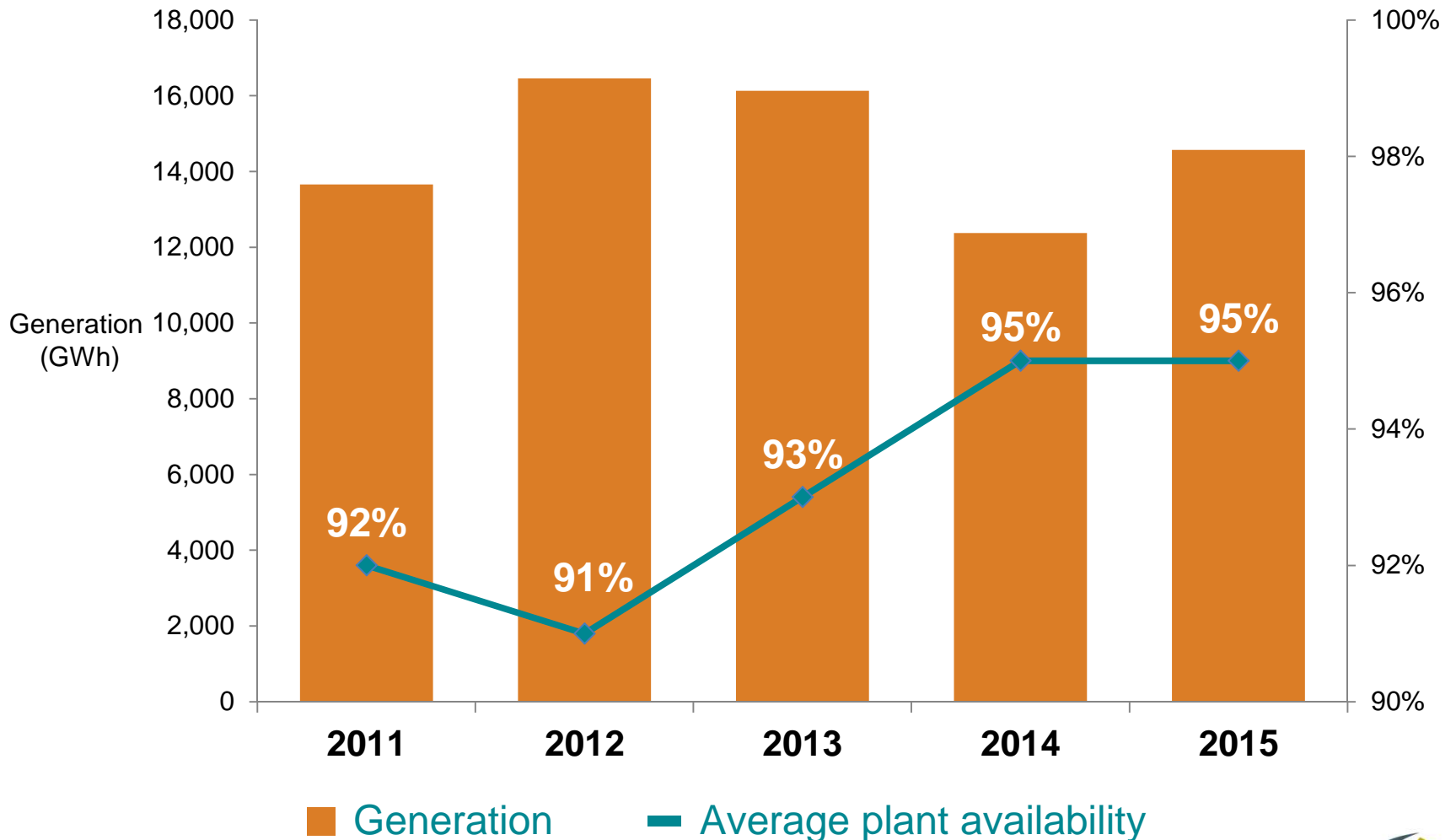
Q4/15 Operating performance

Plant availability		Q4/15	Q4/14
Alberta commercial plants	Genesee 3	100%	74%
	Keephills 3	100%	92%
	Clover Bar	97%	90%
	Joffre	100%	82%
	Shepard	98%	N/A
	Halkirk	96%	98%
Alberta contracted plants	Genesee 1	99%	100%
	Genesee 2	100%	100%
Ontario and BC contracted plants	Island Generation	100%	100%
	K2 Wind	99%	N/A
	Kingsbridge 1	98%	96%
	Port Dover & Nanticoke	98%	97%
	Quality Wind	98%	98%
U.S. contracted plants	Roxboro	99%	100%
	Southport	93%	88%
	Beaufort Solar	100%	N/A
	Macho Springs	96%	99%
Average		99%	94%

- Outstanding operational performance in Q4/15 with 99% average plant availability

Proven track record of high fleet availability

Average annual plant availability of 93% in the past 5 years



Q4/15 Financial review

- Strong quarter with 99% average plant availability and 23% increase in electricity generation compared to Q4/14
- Generated \$125M of FFO (highest quarter since Q3/12)
- Normalized EPS of \$0.42 compared to \$0.20 in Q4/14
- Despite a 30% decline in average Alberta power prices in Q4 year-over-year, hedging program captured a 162% higher realized average power price versus spot price

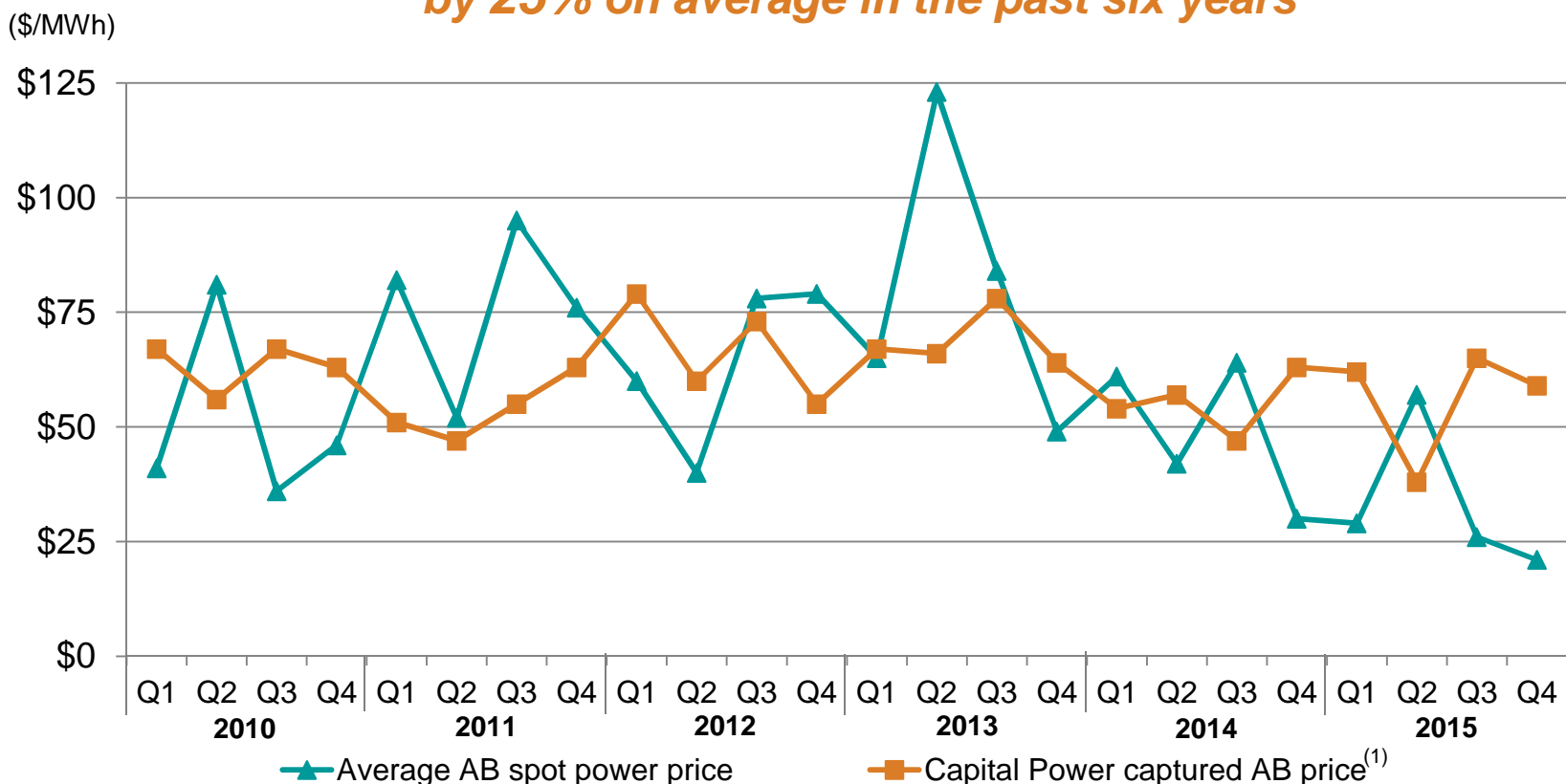
Portfolio optimization	Q4/15	Q4/14
AB spot power price average (/MWh)	\$21	\$30
Realized power price ⁽¹⁾ (/MWh)	\$55	\$58
% realized above spot power price	162%	93%

(1) Realized power price is the average price realized as a result of 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⁽¹⁾ has exceeded spot power prices by 25% on average in the past six years



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

Financial performance – Q4/15

\$M, except per share amounts	Q4/15	Q4/14	Change
Revenues	\$341	\$432	(21%)
Adjusted EBITDA (before mark-to-market) ⁽¹⁾	\$133	\$104	28%
Basic earnings per share	\$0.29	\$0.40	(28%)
Normalized earnings per share	\$0.42	\$0.20	110%
Funds from operations	\$125	\$102	23%

Generating plants contributed higher Adjusted EBITDA from higher generation across the fleet, the addition of Shepard and a full quarter from Macho Springs

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of -\$12M and \$37M for Q4/15 and Q4/14, respectively.

Financial performance – 2015

\$M, except per share amounts	2015	2014	Change
Revenues	\$1,251	\$1,228	2%
Adjusted EBITDA (before mark-to-market) ⁽¹⁾	\$462	\$387	19%
Basic earnings per share	\$0.70	\$0.28	150%
Normalized earnings per share	\$1.15	\$0.72	60%
Funds from operations	\$400	\$362	10%

2015 results showed year-over-year improvement across all financial measures

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of -\$1M and \$36M for 2015 and 2014, respectively.

Financial outlook

- 2016 FFO guidance of \$380M to \$430M based on Alberta baseload plants 100% hedged
- Alberta portfolio hedged positions

As of Dec 31/15	2016	2017	2018
Percentage sold forward	100%	38%	9%
Average contracted prices ⁽¹⁾ (\$/MWh)	High-\$40	Low-\$50	Mid-\$60
Average forward prices (\$/MWh)	\$35	\$40	\$51

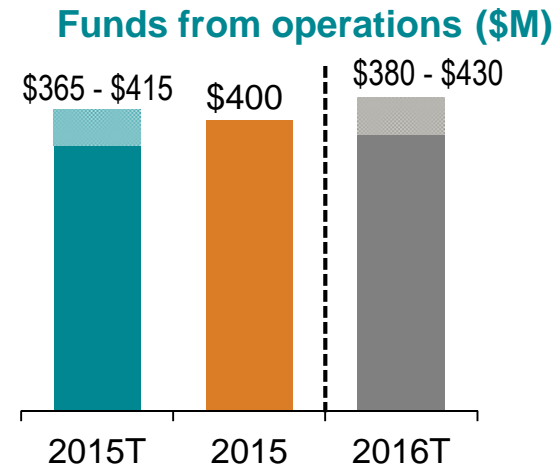
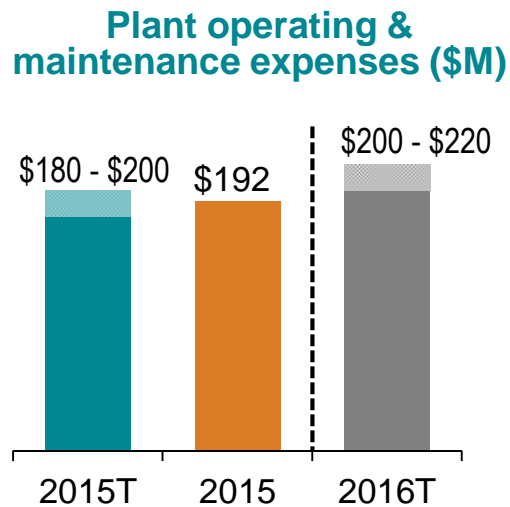
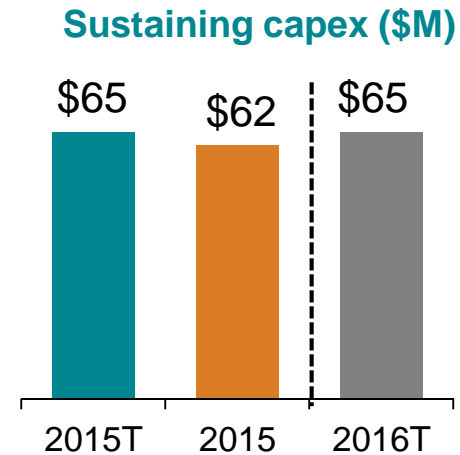
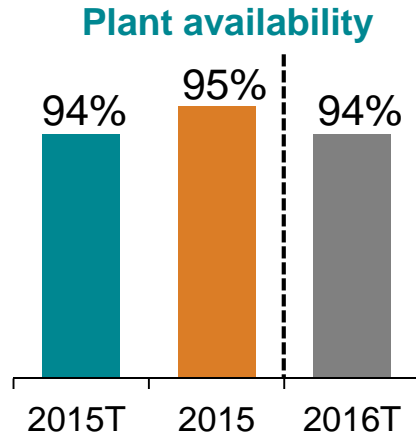
- Ability to capture additional upside in power prices with peaking and wind facilities
- Full year of operations from Shepard, K2 Wind, and Beaufort Solar

Managing low AB power prices with continued cash flow per share growth in 2016

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.

2015 Performance and 2016 targets

Operational and financial targets



All 2015 targets achieved

2016 Disciplined growth targets

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

Genesee 4&5 (Alberta)

- Transition from development to construction
- Timing based on clarity with respect to impact of decisions from the Government of Alberta's *Climate Leadership Plan* and price signals from energy only market.



New development

- Execute a PPA for a new development
- Bloom Wind (180 MW project in Kansas) - construction ready pending an agreement.



{ 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 MD&A 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,
- future dividend growth,
- 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,
- the impact of environmental regulations on the Company, its businesses, accounting policies, and emissions compliance costs,
- compensation to be received by the Company from the Government of Alberta in respect of the proposed early retirement of coal facilities,
- carbon credits, 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 2016 sections.

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 for further discussion of these and other risks in the Company's December 31, 2015 annual MD&A. 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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