CAPITAL POWER

Q1/16 Analyst Conference Call
April 25, 2016

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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 15 of this presentation and in the Company's first quarter 2016 Management's Discussion and Analysis (MD&A) prepared as of April 22, 2016 which is available under the Company's profile on SEDAR at sedar.com and on the Company's website at capitalpower.com.

BEST 50 CORPORATE CITIZENS

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Non-GAAP financial measures

The Company uses (i) earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense from joint venture, and gains or losses on disposals (adjusted EBITDA), (ii) funds from operations, (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 April 22, 2016 for the first quarter 2016, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

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Q1/16 Highlights

- Solid operating and financial performance in-line with expectations
  - 97% average plant availability
- Terminated our Buyer role for Sundance C PPA on Mar 24/16
  - Increased Alberta commercial hedge positions in 2017-20
  - Expected to produce positive impacts to Adjusted EBITDA
- Bloom Wind project - signed 10-year agreement with a subsidiary of Allianz SE, the worldwide insurance and asset management group, for 100% of the output
  - Construction of the 178 MW project in Kansas to start in Q3/16 with targeted completion in Q3/17
- Genesee 4&5 project - full notice to proceed decision delayed until Q4/16
  - Construction execution restructured
  - Revised construction plan would achieve substantial completion of Genesee 4 in early 2020

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Alberta Climate Leadership Plan

Updates

- Alberta government appointed Terry Boston as the coal phase-out facilitator to oversee the transition away from coal-fired generation by 2030
- Facilitator tasked with presenting options that will strive to maintain the reliability of Alberta's electricity grid, maintain stability of prices for consumers, and avoid unnecessarily stranding capital
- Primary focus on the six coal generation units that would otherwise be expected to operate past 2030
- Initial meetings have taken place

Facility	Generation Capacity (MW)	End of Life (CST)[1]	End of Life (Alberta CLP)
Sheerness 1	390	2036	2030
Genesee 2	430	2039	2030
Sheerness 2	390	2040	2030
Genesee 1	430	2044	2030
Genesee 3	516	2055	2030
Keephills 3	495	2061	2030

Remain optimistic that a fair and appropriate compensation outcome will be reached for our shareholders

(1) Retirements under federal Capital Stock Turnover (CST) regulations.

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Q1/16 Operating performance

Plant availability		Q1/16	Q1/15
Alberta commercial plants	Genesee 3	99%	100%
	Keephills 3	90%	100%
	Clover Bar	99%	97%
	Joffre	89%	99%
	Shepard	100%	80%
	Halkirk	99%	99%
Alberta contracted plants	Genesee 1	100%	98%
	Genesee 2	99%	100%
Ontario and BC contracted plants	Island Generation	100%	100%
	K2 Wind	99%	N/A
	Kingsbridge 1	94%	97%
	Port Dover & Nanticoke	97%	99%
	Quality Wind	99%	98%
U.S. contracted plants	Roxboro	89%	97%
	Southport	83%	89%
	Beaufort Solar	98%	N/A
	Macho Springs	97%	99%
	Average	**97%**	**98%**

- Excellent operating performance with average availability of 97%
- Q1/16 performance consistent with 98% average availability in Q1/15

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Q1/16 Financial review

- Generated $109M of FFO, comparable to $108M in Q1/15
- Normalized EPS of $0.33 compared to $0.32 in Q1/15
- Despite a 38% decline in average Alberta power prices in Q1 year-over-year, hedging program captured a 189% higher realized average power price versus spot price

Portfolio optimization	Q1/16	Q1/15
AB spot power price average (/MWh)	**$18**	$29
Realized power price[1] (/MWh)	**$52**	$59
% realized above spot power price	**189%**	103%

(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.

Financial performance – Q1/16

$M, except per share amounts	Q1/16	Q1/15	Change
Revenues	**$341**	$358	(5%)
Adjusted EBITDA (before mark-to-market)[1,2]	**$128**	$116	10%
Basic earnings (loss) per share	**$(0.11)**	$0.41	(127%)
Normalized earnings per share	**$0.33**	$0.32	3%
Funds from operations	**$109**	$108	1%

Addition of K2 Wind in Q2/15 contributed to higher Adjusted EBITDA in Q1 year-over-year

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of $(8)M and $31M for Q1/16 and Q1/15, respectively.
(2) Effective Q1/16, Capital Power's share of the EBITDA from our joint venture in K2 Wind is included in "Adjusted EBITDA". K2 Wind began commercial operations in Q2/15.

Impacts from Sundance PPA termination

Alberta commercial hedging profile

- Termination of our Buyer role in Sundance C PPA has significantly increased our baseload hedging profile from 2015 year-end
- Significant forward sales resulting from increased marketing liquidity due to the PPA terminations
- Alberta Commercial portfolio positions:

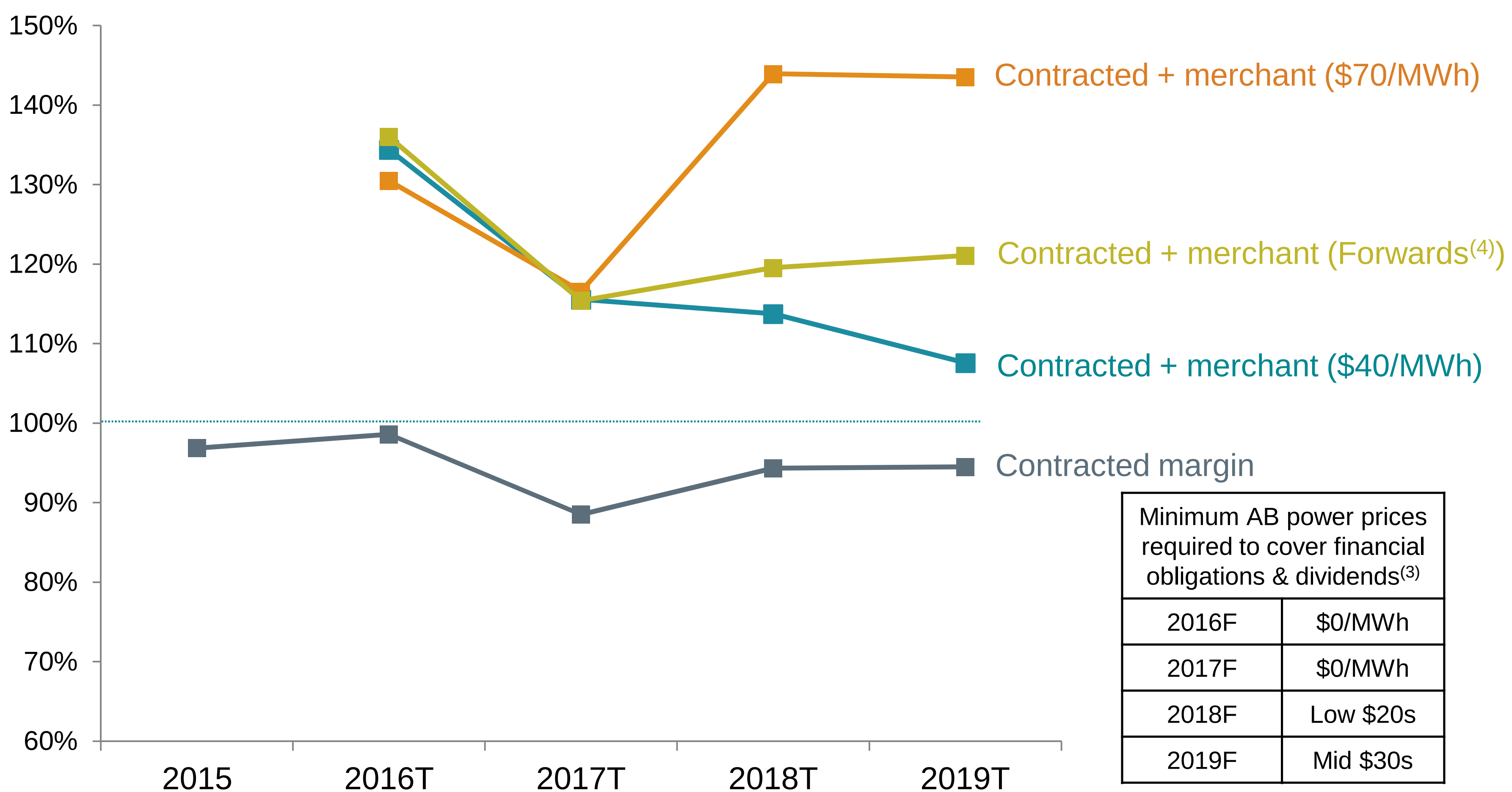
	2017		2018		2019
As of date	Dec 31/15	Mar 31/16	Dec 31/15	Mar 31/16	Mar 31/16
% sold forward	38%	100%	9%	50%	34%
Avg. contracted prices[(1)] ($/MWh)	Low-$50	Mid-$40	Mid-$60	Low-$50	Low-$50
Avg. forward prices ($/MWh)	$40	$36	$51	$46	$51

Baseload merchant exposure fully hedged in 2016-17

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.

Strong financial coverage

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



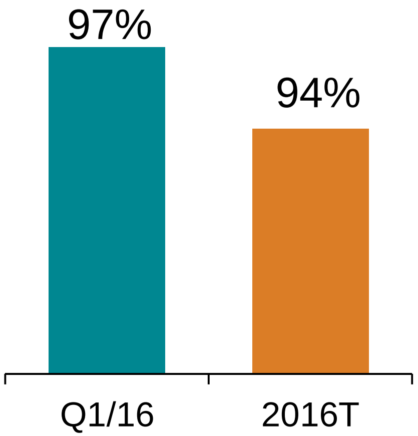
Minimum AB power prices required to cover financial obligations & dividends(3)	
2016F	$0/MWh
2017F	$0/MWh
2018F	Low $20s
2019F	Mid $30s

1) Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedged position as at March 31, 2016
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures and general & administration expenses.
3) Dividends include common and preferred dividends. Assumes consistent common dividend growth in 2016-18.
4) Forwards as of March 31, 2016

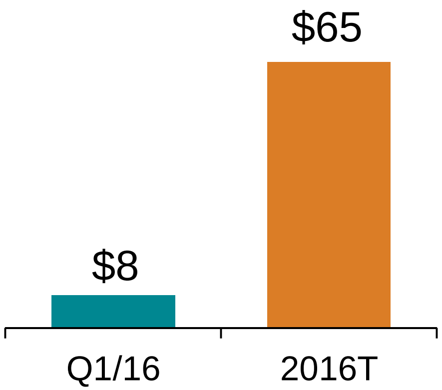
Q1/16 performance versus annual targets

Operational and financial targets

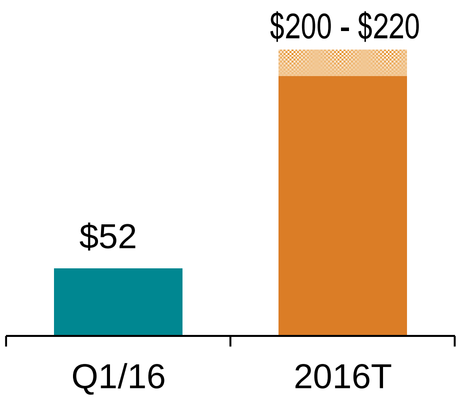
Plant availability



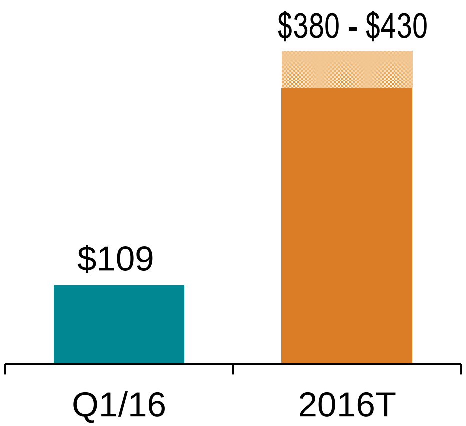
Sustaining capex ($M)



Plant operating & maintenance expenses ($M)



Funds from operations ($M)



On-track to meet 2016 targets

2016 Disciplined growth targets

Genesee 4&5 (Alberta)

Target

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

Q1/16 Status

- Awaiting further clarification on implementation of CLP and impacts on current Alberta assets
- Construction execution has been restructured to delay full notice to proceed decision to Q4/16, resulting in modestly higher costs and risks
- Revised construction plan would achieve substantial completion of Genesee 4 in early 2020

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2016 Disciplined growth targets

New developments

Target

- Execute a contract for the output of a new development

Q1/16 Status

✓ **Bloom Wind** (178 MW project in Kansas)

- 10-year fixed price contract covering 100% of the output
- Cost of $358M (CDN$)
- construction begins in Q3/16 with COD targeted in Q3/17

- Actively bidding into RFPs for other U.S. wind projects

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QUESTIONS?
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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 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,
- the impact of the Alberta Climate Leadership Plan (CLP) on the Company's future growth projects, including the Genesee 4 and 5 project, and
- compensation to be received by the Company from the Government of Alberta in respect of the proposed early retirement of coal facilities.

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 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 in the Company's December 31, 2015 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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