CAPITAL POWER

Q3/16 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 slide 16 of this presentation and in the Company's third quarter 2016 Management's Discussion and Analysis (MD&A) prepared as of October 21, 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, 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 October 21, 2016 for the third quarter 2016, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

Q3/16 Update

- Q3/16 financial performance modestly ahead of our expectations
- Continue to be engaged with the AB government to ensure fair compensation is received for proposed accelerated closure of coal-fired units by 2030 under the Climate Leadership Plan
- Coal phase-out facilitator has provided recommendations to the AB government
  - Expect AB government announcement by end of 2016
- Completed recent financings ($160M debt private placement, $200M preferred share offering) and extension of the $1B in credit facilities
  - Improved liquidity
  - Strengthened balance sheet and financing capabilities in the medium term

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Genesee 4&5 project

- Full notice to proceed (FNTP) decision for Genesee 4&5 moved to Q1/17 from Q4/16 and contingent on
  - Announcement of fair compensation by AB government
  - Clarity that implementation of Climate Leadership Plan will have no adverse impact on the Alberta electricity market design
  - Price signals from the wholesale electricity market

- Project targeting substantial completion of Genesee 4 in 2020

Q3/16 Operating performance

Plant availability		Q3/16	Q3/15
Alberta commercial plants	Genesee 3	100%	100%
	Keephills 3	96%	63%
	Clover Bar	91%	88%
	Joffre	81%	100%
	Shepard	99%	100%
	Halkirk	96%	97%
Alberta contracted plants	Genesee 1	100%	100%
	Genesee 2	100%	98%
Ontario and BC contracted plants	Island Generation	92%	100%
	K2 Wind	98%	98%
	Kingsbridge 1	95%	94%
	Port Dover & Nanticoke	94%	95%
	Quality Wind	91%	94%
U.S. contracted plants	Roxboro	100%	94%
	Southport	96%	94%
	Beaufort Solar	98%	N/A
	Macho Springs	97%	96%
	Average	**96%**	**95%**

- Solid operating performance from Capital Power operated facilities
- 96% average availability in Q3/16, slightly higher than 95% in Q3/15
- Q3 YTD average availability of 94% consistent with expectations

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Recent financings strengthen balance sheet

- Completed long-term private placement debt financing
  - Closed a C$160M, 10-year non-amortizing private placement Note with Prudential Capital Group
  - Note bears an interest rate of 3.85%, payable semi-annually
- Issued Preferred shares (Series 7)
  - Issued 8 million Cumulative Minimum Rate Reset preferred shares at $25.00 per share on a bought deal basis
  - $1.50 annual dividend (6.00% yield)
- Proceeds from these financings used to reduce indebtedness on credit facilities ($1.0B available on the $1.055B in committed credit facilities)
- Recent financings and extension of credit facilities have strengthened balance sheet and financing capabilities in the medium term

Significant improvement in liquidity that strengthens our financial position

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Q3/16 Financial review

- Generated $94M of FFO, down 3% compared to $97M in Q3/15
- Normalized EPS of $0.31 versus $0.33 in Q3/15
- Despite a 31% decline in average Alberta power prices from $26/MWh to $18/MWh in Q3 year-over-year, trading desk captured a 289% higher realized average power price versus spot price

Portfolio optimization	Q3/16	Q3/15
AB spot power price average (/MWh)	**$18**	$26
Realized power price[1] (/MWh)	**$70**	$61
% realized above spot power price	**289%**	135%

(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 – Q3/16

$M, except per share amounts	Q3/16	Q3/15	Change
Revenues	**$378**	$469	(19%)
Adjusted EBITDA (before mark-to-market)(1)	**$120**	$127	(6%)
Basic earnings per share	**$0.63**	$0.44	43%
Normalized earnings per share	**$0.31**	$0.33	(6%)
Funds from operations	**$94**	$97	(3%)

Lower Adjusted EBITDA due to lower excess energy and incentive revenues from lower Alberta pool prices and higher coal costs in Alberta contracted plants

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of $28M and $27M for Q3/16 and Q3/15, respectively.

Financial performance – Q3/16 YTD

$M, except per share amounts	Q3/16 YTD	Q3/15 YTD	Change
Revenues	**$948**	$910	4%
Adjusted EBITDA (before mark-to-market)[(1)]	**$371**	$337	10%
Basic earnings per share	**$0.71**	$0.40	78%
Normalized earnings per share	**$0.95**	$0.73	30%
Funds from operations	**$309**	$275	12%

Increase in Adjusted EBITDA primarily due to the termination of the Sundance C PPA and strong portfolio optimization results

(1) Before unrealized changes in fair value of commodity derivatives and emission credits of $5M and $11M for Q3/16 YTD and Q3/15 YTD, respectively.

Financial outlook

Alberta commercial hedging profile

- Termination of our Buyer role under Sundance C PPA has significantly increased our baseload hedging profile from 2015 year-end
- Alberta Commercial baseload positions:

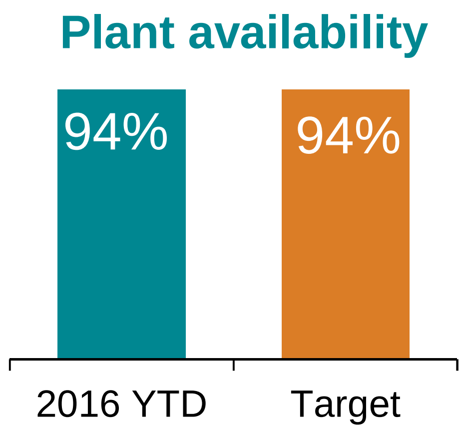
	2017		2018		2019	
As of date	Jun 30/16[1]	**Sep 30/16**	Jun 30/16[1]	**Sep 30/16**	Jun 30/16[1]	**Sep 30/16**
% sold forward	100%	**100%**	49%	**52%**	38%	**39%**
Avg. contracted prices[2] ($/MWh)	Mid-$40	**Mid-$40**	Low-$50	**Low-$50**	Low-$50	**Low-$50**
Avg. forward prices ($/MWh)	$38	**$31**	$47	**$39**	$52	**$43**

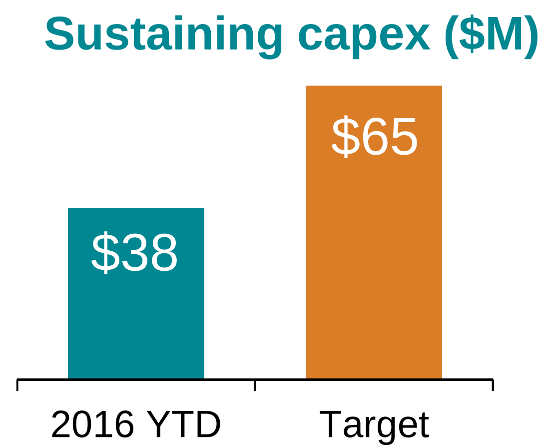
Baseload merchant exposure fully hedged in 2016-17

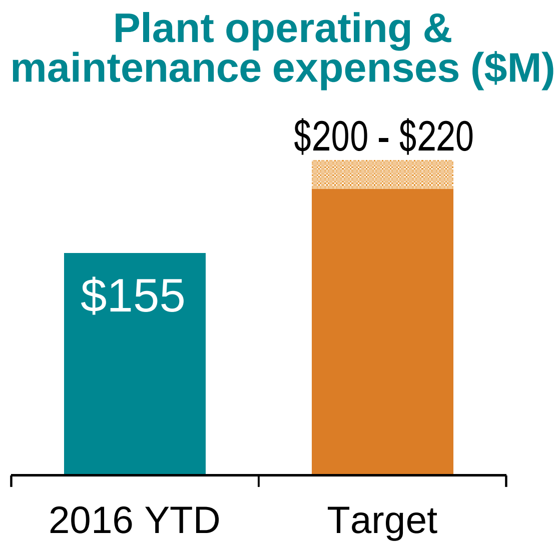
(1) The percentage sold forward numbers as at June 30, 2016 have been restated to conform with the September 30, 2016 disclosure which incorporates Shepard Energy Centre based on capacity rather than based on minimum stable generation.
(2) The forecasted average contracted prices may differ significantly from the future average realized prices as the hedged and unhedged positions have a mix of varyingly priced blocks of power.

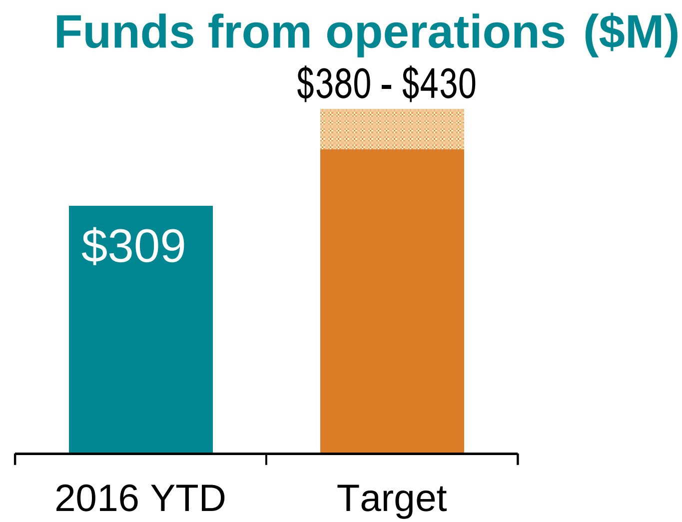
2016 YTD performance vs. annual targets

Operational and financial targets









FFO expected to exceed the mid-point of annual target range

2016 Disciplined growth targets
Genesee 4&5 (Alberta)

Target

Proceeding with construction based on:

- Clarity with respect to impact of decisions from the AB government's *Climate Leadership Plan*
- Price signals from the wholesale electricity market

Q3/16 Status

- Full notice to proceed decision moved to Q1/17
- Revised construction plan would achieve substantial completion of Genesee 4 in 2020

2016 Disciplined growth targets

New developments

Target

- Execute a contract for the output of a new development

Q3/16 Status

✓ **Bloom Wind** (178 MW project in Kansas)
  - 10-year fixed price contract covering 100% of the output
  - Construction started in Q3/16 with COD targeted in Q3/17
- Actively bidding into RFPs for other U.S. projects


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 on the Company's future growth projects, including the Genesee 4 and 5 project, and
- whether compensation will 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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