

**Capital Power
Corporation**



MACQUARIE CONNECTIONS
MACQUARIE CAPITAL (USA) INC.

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Forward-looking statement

■ Certain information in this presentation is forward-looking and related to anticipated financial performance, events and strategies. When used in this context, words such as “will”, “anticipate”, “believe”, “plan”, “intend”, “target” and “expect” or similar words suggest future outcomes. By their nature, such statements are subject to significant risks, assumptions and uncertainties, which could cause the Partnership’s actual results and experience to be materially different than the anticipated results. In particular, forward-looking information and statements include information and statements with respect to: (i) planned capital upgrades at Southport of US\$13 million in the remaining nine months of 2010, (ii) planned capital upgrades at Oxnard of US\$8 million during the remaining nine months of 2010 and expectations regarding the plant being back online in May 2010, (iii) expectations regarding the Partnership’s cash provided by operating activities in 2010, (iv) managements expectations regarding the arbitration process in respect of PPAs at the North Carolina facilities and expectations in respect of new PPAs for the North Carolina facilities, (v) expectations with respect to the Partnership’s long-term outlook for the North Carolina plants, (vi) anticipated completion of the Oxnard and Southport facility modifications and the impact thereof on the operation of the facilities, (vii) expectations relating to the emergence of Equistar from Chapter 11 proceedings, including that Equistar will assume the Morris energy services agreement and that Morris will receive approximately US\$12 million of payments for pre-petition services and interest, and (viii) the expected impact of transition to IFRS and expected project review completion dates.

■ These statements are based on certain assumptions and analyses made by the Partnership in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements include, but are not limited to: (i) the Partnership’s operations, financial position and available credit facilities, (ii) the Partnership’s assessment of commodity, currency and power markets, (iii) the markets and regulatory environment in which the Partnership’s facilities operate, (iv) the state of capital markets, (v) management’s analysis of applicable tax legislation, (vi) the assumption that the currently applicable and proposed tax laws will not change and will be implemented, (vii) the assumption that counterparties to fuel supply and power purchase agreements will continue to perform their obligations under the agreements taking account of the matters described herein, (viii) that current expectations regarding throughput on the TransCanada Canadian Mainline will continue (ix) the level of plant availability and dispatch, (x) the performance of contractors and suppliers, (xi) the renewal or replacement of PPAs and terms of PPAs including the terms and timing of new PPAs at the North Carolina facilities, (xii) the ability of the Partnership to successfully integrate and realize the benefits of its capital projects, (xiii) the ability of the Partnership to implement its strategic initiatives and whether such initiatives will yield the expected benefits, (xiv) expected water flows, (xv) management’s analysis of the Equistar reorganization under Chapter 11 of the US Bankruptcy Code, (xvi) the ability of the Partnership to adequately source alternative sources of supply of wood waste, and (xvii) currently applicable and proposed environmental regulation will be implemented.

■ Whether actual results, performance or achievements will conform to the Partnership’s expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from the Partnership’s expectations. Such risks and uncertainties include, but are not limited to, risks relating to: (i) the operation of the Partnership’s facilities, (ii) plant availability and performance, (iii) the availability and price of energy commodities including natural gas and wood waste, (iv) the performance of counterparties in meeting their obligations under PPAs, (v) competitive factors in the power industry, (vi) economic conditions, including in the markets served by the Partnership’s facilities, (vii) changing demand for natural gas transportation on the TransCanada Canadian Mainline, (viii) ongoing compliance by the Partnership with its current debt covenants, (viii) developments within the North American capital markets, (ix) the availability and cost of permanent long-term financing in respect of acquisitions and investments, (x) unanticipated maintenance and other expenditures, (xi) the Partnership’s ability to successfully realize the benefits of its capital projects, (xii) changes in regulatory and government decisions including changes to emission regulations, (xiii) waste heat availability and water flows, (xiv) changes in existing and proposed tax and other legislation in Canada and the US and including changes in the Canada-US tax treaty, (xv) the tax attributes of and implications of any acquisitions, (xvi) the availability and cost of equipment, (xix) the ability of the Partnership to adequately source alternative sources of supply of wood waste, and (xx) the NCUC arbitration or negotiations with Progress may not result in PPAs with satisfactory financial terms. See also “Risk Factors” in the Partnership’s 2009 Annual Information Form and “Business Risks” in the Partnership’s December 31, 2009 annual MD&A.

■ Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Forward-looking statements are provided for the purpose of presenting information about management’s current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Except as required by law, the Partnership disclaims any intention and assumes no obligation to update any forward-looking statement.

Overview of Capital Power



- New company formed in July/09 from EPCOR Utilities Inc.'s spin-off of its power generation business
- Canadian-based independent power producer (IPP) operating in North America and trading on the Toronto Stock Exchange (TSX: CPX)
- Business model: stable and growing cash flow from a balanced portfolio of long-term contracts and merchant components, supported by an investment grade credit rating
- Disciplined growth through a prudent expansion strategy supported by development pipeline and proven construction expertise

Vision: to be one of North America's most respected, reliable and competitive power generators

Goal: to triple size to 10,000 megawatts by 2020 on a progressively accretive basis

Corporate strengths

Large, high quality generation portfolio

One of Canada's largest IPPs with interests in 31 facilities totaling ~3,500 MW of owned and/or operated generation capacity; geographic, fuel source and counterparty diversification

Modern fleet with very good operating history

Average plant availability of 94%⁽¹⁾; average facility age of only 12.5 years⁽²⁾; long remaining average useful lives

Financial strength with access to capital

Strong balance sheet; commitment to maintain investment grade credit rating providing access to capital

Long-term contracts & merchant position provide stable cash flows & upside opportunities

Remaining average contract life of 10 years⁽²⁾; significant portion of portfolio sold forward in 2010 and 2011; open merchant positions provide upside when power prices rise

Solid platform for growth

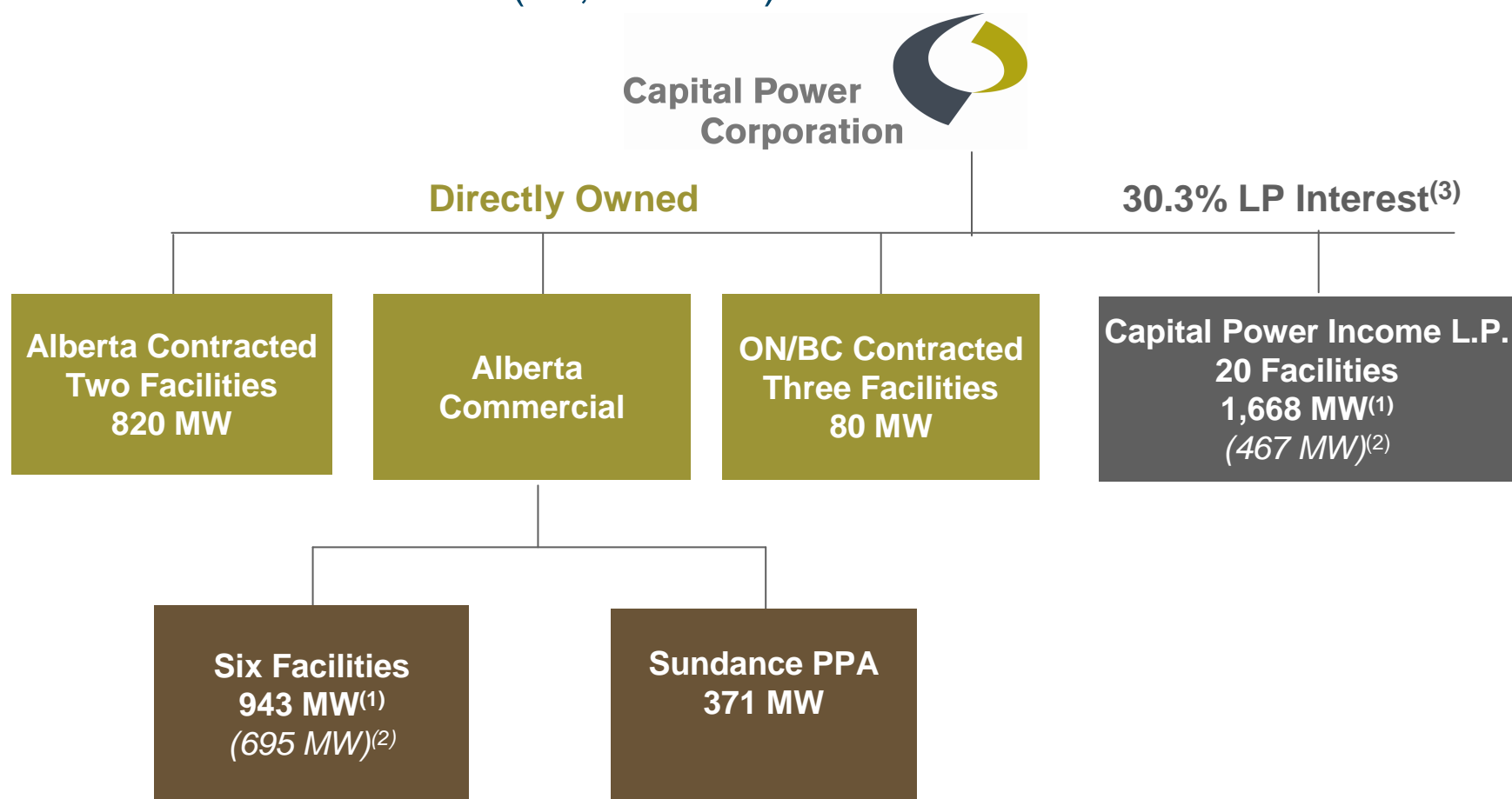
Numerous development opportunities at varying stages of development and planning; solid track record of execution on opportunities

(1) Average plant availability for nine months ended Mar 31, 2010

(2) Weighted by capacity owned, as of Mar 31, 2010

Large, high quality generation portfolio

Interests in 31 facilities (~3,500 MW)

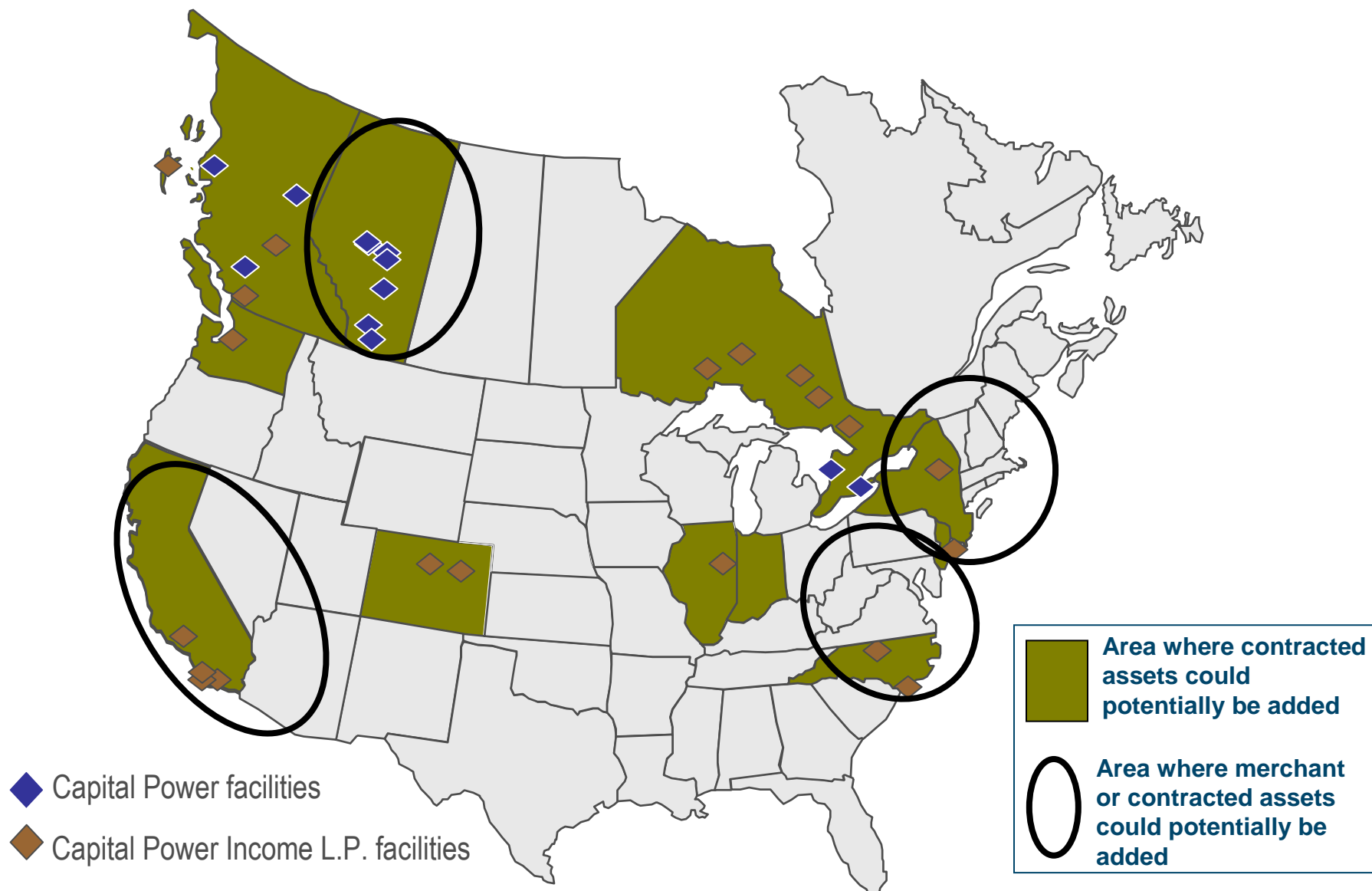


(1) Capacity operated

(2) Capital Power Corporation capacity owned

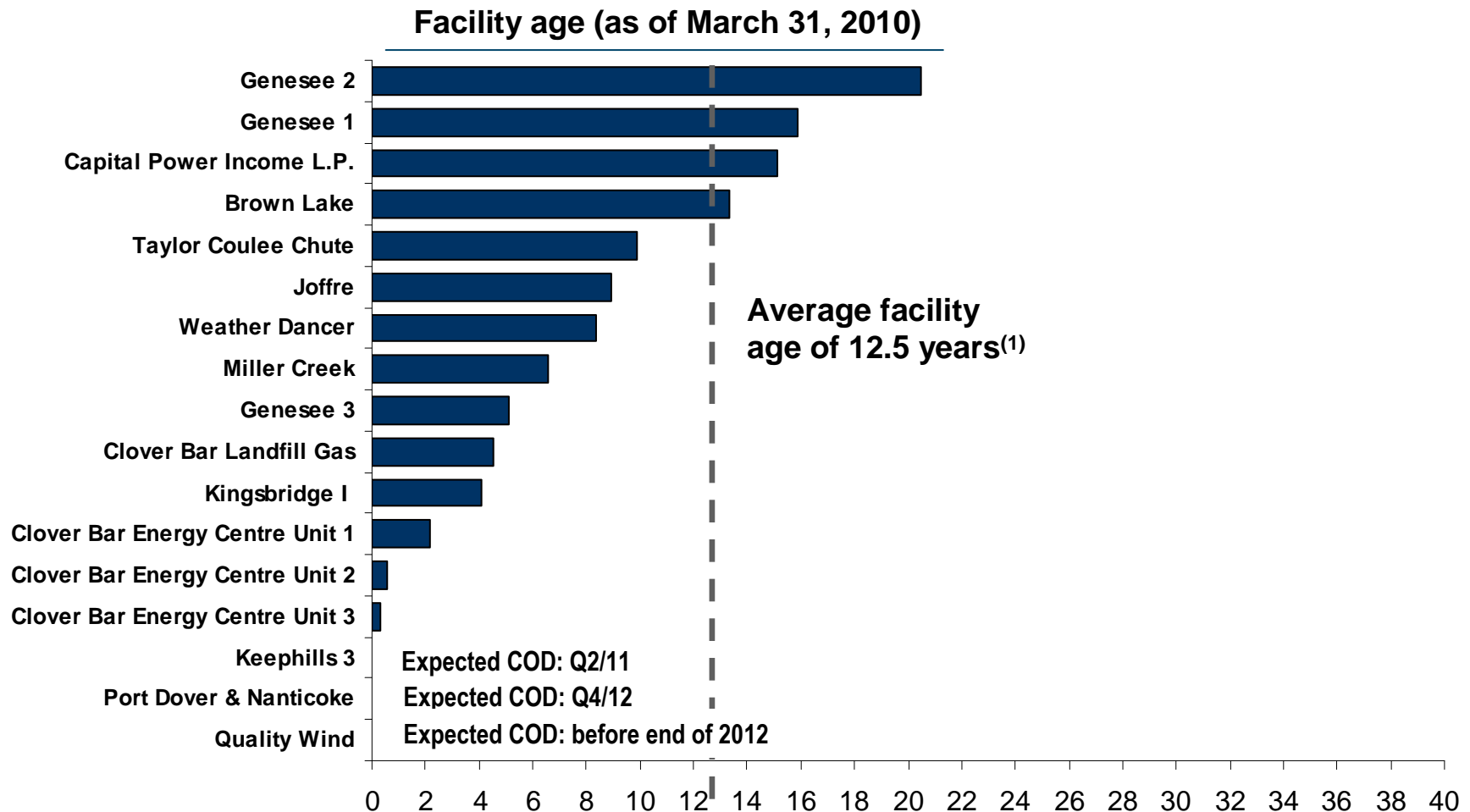
(3) As of Mar 31, 2010

Strategic North American platform



Modern fleet

Modern fleet with average facility age of 12.5 years⁽¹⁾; two units commissioned in late 2009 with 495 MW of additional capacity in 2011-12



(1) Average facility age weighted by owned capacity

Financial strength and access to capital⁽¹⁾

- Strong balance sheet with BBB investment grade credit rating (S&P/DBRS)
 - \$1.2B in credit facilities, of which \$1.1B available
 - Net debt / total capitalization of ~32% (non-consolidated basis)
 - Consolidated assets of ~\$5.0B with only ~\$1.6B in long-term debt
 - ~\$3.5B of assets, ~\$0.9B in long-term debt (consolidated excluding CPILP accounted for on an equity basis)
- Continuous access to capital key to sustainable growth and shareholder value
 - Maintain strong investment grade credit ratings
 - Access to competitive cost of capital to fund growth
 - Significant differentiator from many U.S. IPPs
 - Stable dividend

(1) All figures as of Mar 31, 2010

Strong cash flow generation

\$M	(on a de-consolidated basis)
\$275 ⁽¹⁾	FFO excluding non-controlling interests in CPILP
~(\$100)	Dividends
~(\$30 - \$40)	Average maintenance capex (excluding CPILP)
~(\$10)	Other capex
<hr/>	
~\$125 - \$135	Free cash flow

Generating significant discretionary cash flow net of dividend and maintenance capex – despite tough market conditions and in advance of future substantial cash flows from projects in construction

(1) Annualized figure based on 9 months ended Mar 31, 2010

Alberta (AB) power market

- Alberta has competitive wholesale energy and ancillary services market operated by the Alberta Electric System Operator (AESO)
- Entire province is a single zone where prices are determined by the bid price of the marginal unit needed to balance demand and supply in real-time
- No capacity market – power generators must recover all costs through energy revenues
- Demand growth in Alberta primarily driven by oil sands investment outside of on-site cogeneration
- Current reserve margin of ~15%; forecast 11% - 15% over the next 5 years
- Generally considered one of the first North American markets to need capacity

AB power prices currently at trough levels with expectation of recovery in medium term

Hedging Alberta spot power price exposure

- Actively manage our position throughout various time periods

Plant capacity (MW)	2009	2010	2011
<u>AB Commercial – Base load</u>			
Genesee 3	248	248	248
Sundance PPA	371	371	371
Battle River PPA	99	–	–
Keephills 3 ⁽¹⁾	–	–	124
Other	13	13	13
	731	632	756
<u>AB Commercial – Natural gas</u>			
Joffre	146	146	146
Clover Bar Energy Centre ⁽²⁾	80	243	243
	226	389	389
Net Position	957	1,021	1,145

- Hedging positions taken primarily on base load length from coal facilities and PPAs

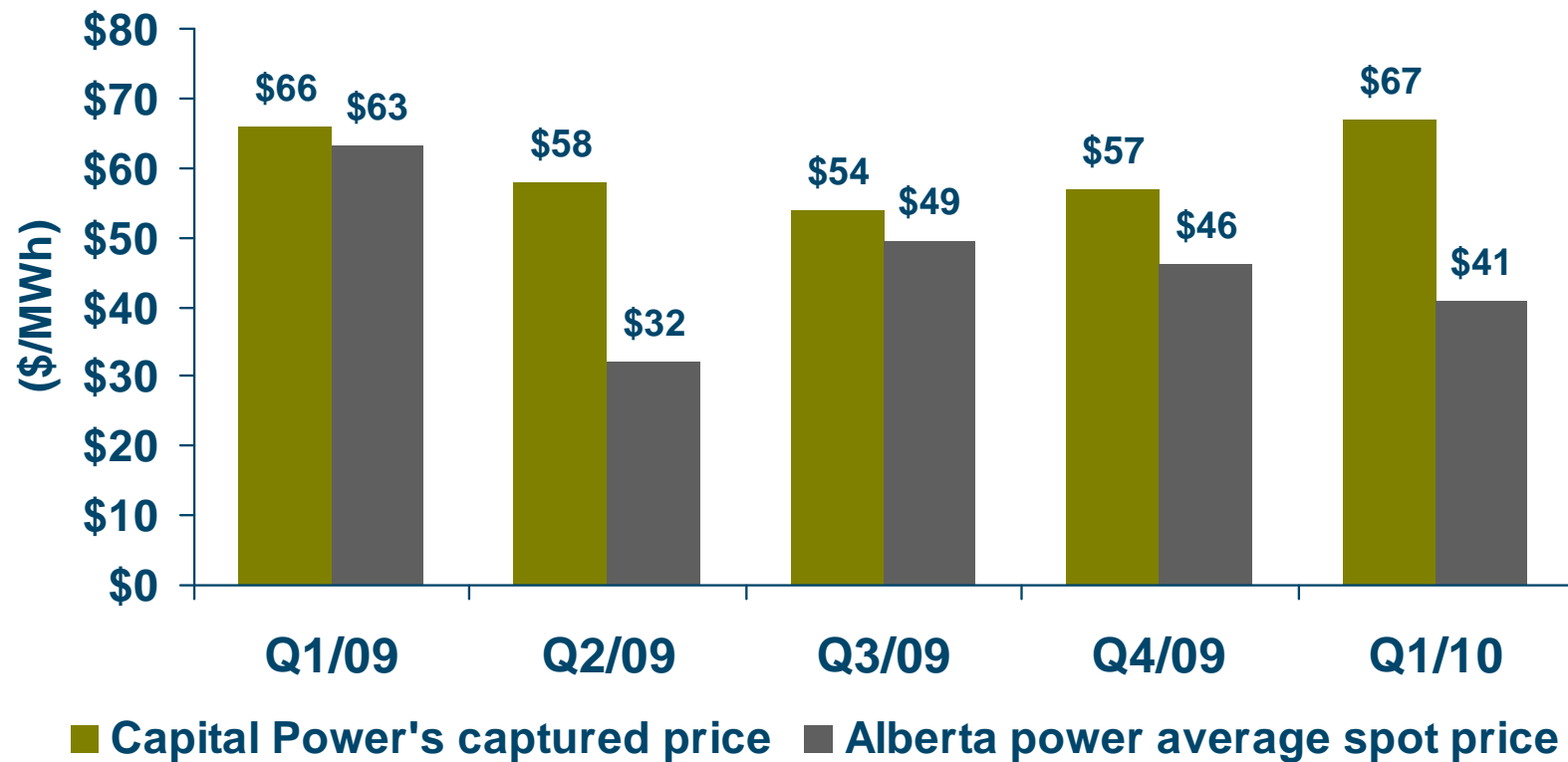
- Output from natural gas facilities not hedged but used to manage portfolio
- Material heat rate upside from Clover Bar and Joffre
- Clover Bar plant can power up to full load in 10 minutes providing significant ability to manage portfolio by providing upside on power price increases and protecting downside on plant outages

(1) Reflects 50% of 248 MW capacity based on expected COD in Q2/11.

(2) Reflects pro-rated MW capacity based on COD of Sep/09 for Unit 2 and COD of Dec/09 for Unit 3.

Alberta power prices

- Alberta spot power prices of \$41/MWh in Q1/10 declined 36% from Q1/09 and 12% from Q4/09



(1) Captured power price represents the price realized on the Company's Alberta commercial contracted sales and portfolio optimization activities.

Growth via acquisitions

Market

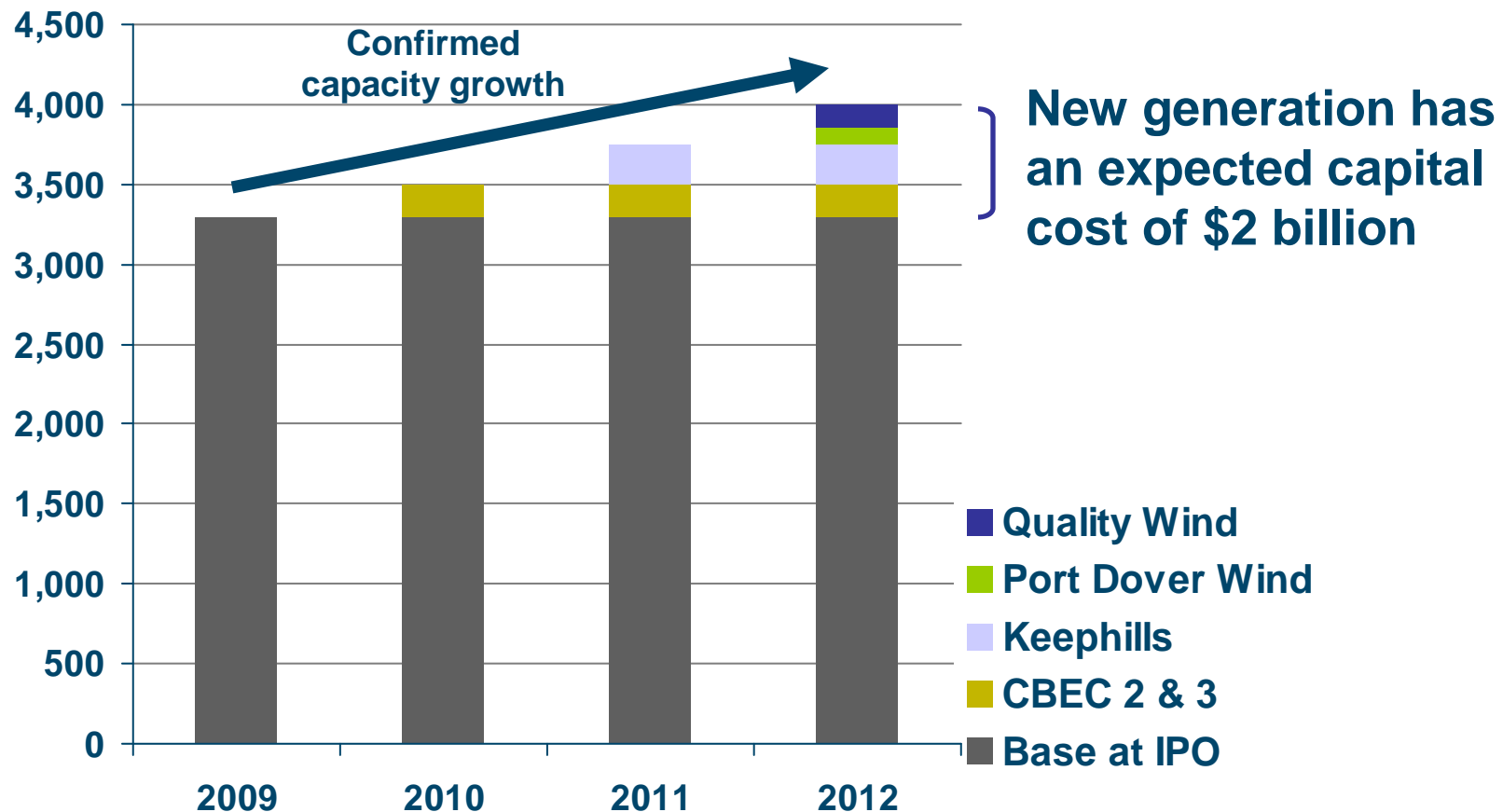
- M&A market continues to be active for acquisition opportunities in Canada and the U.S.
- Gap between buyers and sellers closing
- CPX taking a very disciplined and patient approach

Acquisition criteria

- Maintain goal of having a minimum of 50% operating margin contribution from contracted assets
- Hurdle rates (unlevered, after-tax IRR)
 - 11% for uncontracted / merchant assets
 - 9% for contracted assets
- Specific geographic areas

Growth via development opportunities

Over 700 MW of new capacity added or under development since IPO launch



Wind power project contract wins

	Quality Wind	Port Dover & Nanticoke
Location	Tumbler Ridge, BC	Norfolk and Haldimand, ON
Size	142 MW	105 MW
Project costs (est.)	\$455M	\$340M
Expected COD	Before end of 2012	Q4, 2012
Expected capacity factor	~35% (5 year wind study)	~35% (3 year wind study)
Contract	25-year EPA with BC Hydro	20-year contract with Ontario Power Authority, \$135/MWh
Regulatory approvals	<ul style="list-style-type: none"> Provincial environmental assessment process Approval of EPA by BC Utilities Commission 	<ul style="list-style-type: none"> Completion of Ontario's Renewable Energy Approval process

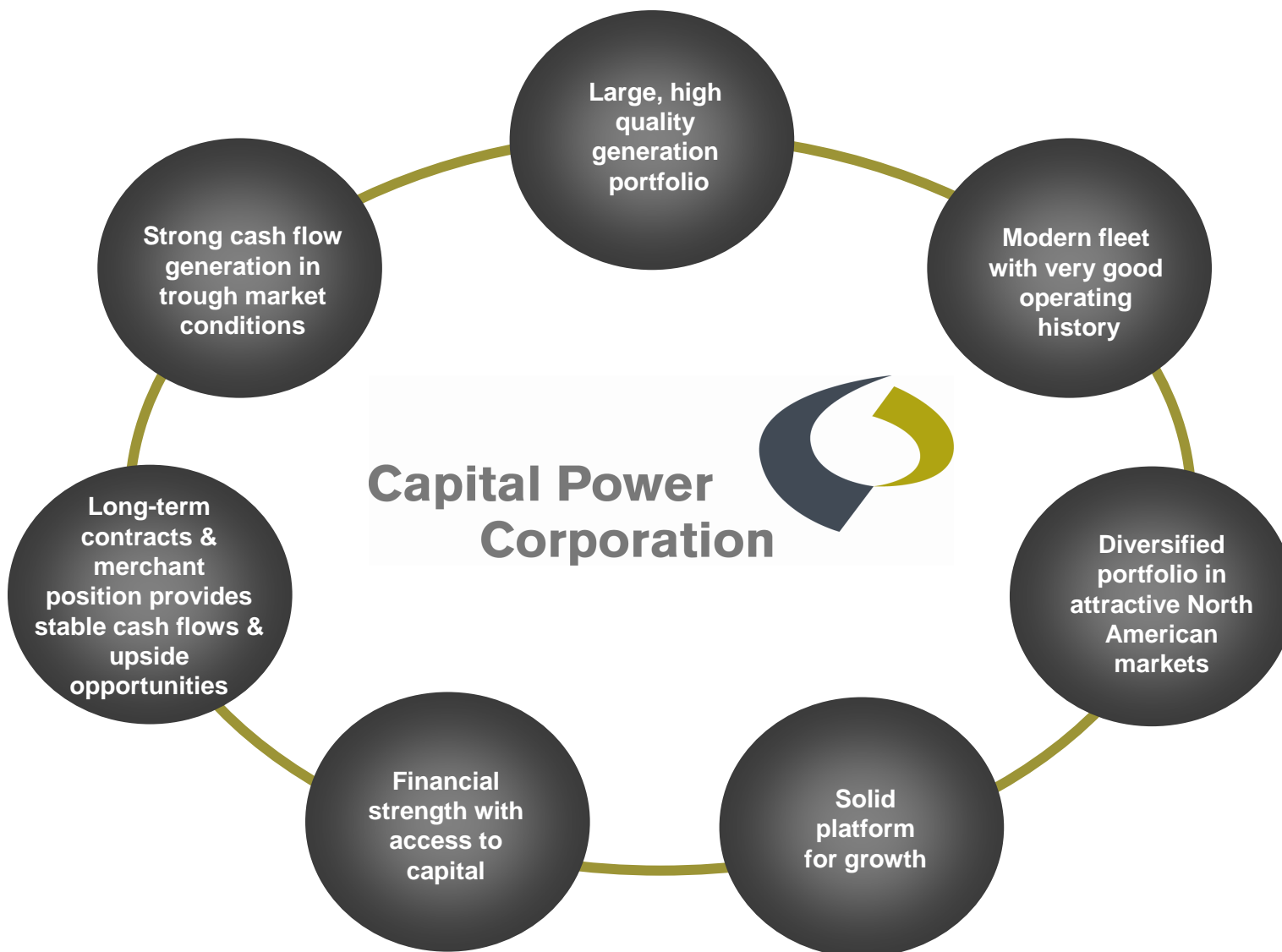
- Investment of nearly \$800M into wind projects with long-term contracted cash flows of 20 and 25 years in duration
- Long term contracts support strategy of maintaining balance between contracted and merchant generation

Keephills 3 construction project update

- 495 MW coal-fired plant, supercritical boiler technology (same as Genesee 3)
- Partnership with TransAlta
- Total project cost of ~\$1.9B (CPX 50% portion = \$955M)
- Overall project 87% completed; power island construction 77% completed
- Boiler hydro test successfully completed at end of April (a major milestone)
- Plant expected to commence operations in Q2/11



Investment highlights summary



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