CAPITAL POWER

ANALYST CONFERENCE CALL
Corporate Update

Brian Vaasjo, President & CEO
Stuart Lee, SVP & CFO

August 29, 2013

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 13 of this presentation and in the Company's public disclosure documents 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 losses, and gains on disposals (adjusted EBITDA), (ii) funds from operations, (iii) cash flow per share, (iv) discretionary cash flow, (v) normalized earnings attributable to common shareholders, and (vi) 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 are therefore 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 dated July 26, 2013 for the six months ended June 30, 2013 which is available under the Company's profile on SEDAR at www.SEDAR.com and on the Company's website at www.capitalpower.com.

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Overview of today's update

Provide background on Capital Power's announcement that its merchant power activities will now be focused on Alberta

- Overview of business activity implications, including sale of Bridgeport, Tiverton and Rumford facilities and redeployment of capital
- Creation of immediate and long term value for shareholders
- Strategic rationale for a simpler, more focused business
- Capital Power's vision and investor proposition

Re-focusing our business is the best way to create immediate and long-term value for our shareholders while rebalancing portfolio risk

Operating complexity and resource requirements significantly reduced

Merchant power activities focused on Alberta

- Announced sale of merchant natural gas-fired combined cycle facilities in New England (Bridgeport, Tiverton, Rumford) for US$541 million
- Commodity and Energy Trading business activity outside Alberta will be wound down before year end
- West, East and Natural Gas trading desks closing, as are the Toronto office (immediately) and the Chicago office (2014)
- Alberta and Environment desks continue, as does Alberta origination activity

Contracted generation opportunities pursued across North America

- Focused teams in Alberta, Boston and San Diego will continue to pursue growth opportunities, seeking contracted development and acquisition opportunities outside Alberta, and a mix of opportunities inside Alberta

Capital Power's business will be simpler, more focused, and easier for the market to understand and determine value

Strategic rationale for Company’s focus

Reducing merchant risk and earnings volatility

- Divesting 1,050 MW of New England merchant generation, and winding down the East, West and Natural Gas trading, will reduce quarterly and annual volatility in financial performance
- Investing in Shepard adds new stable cash flows through the long-term tolling agreement, and near-term contracted and hedging agreements for 2013-17

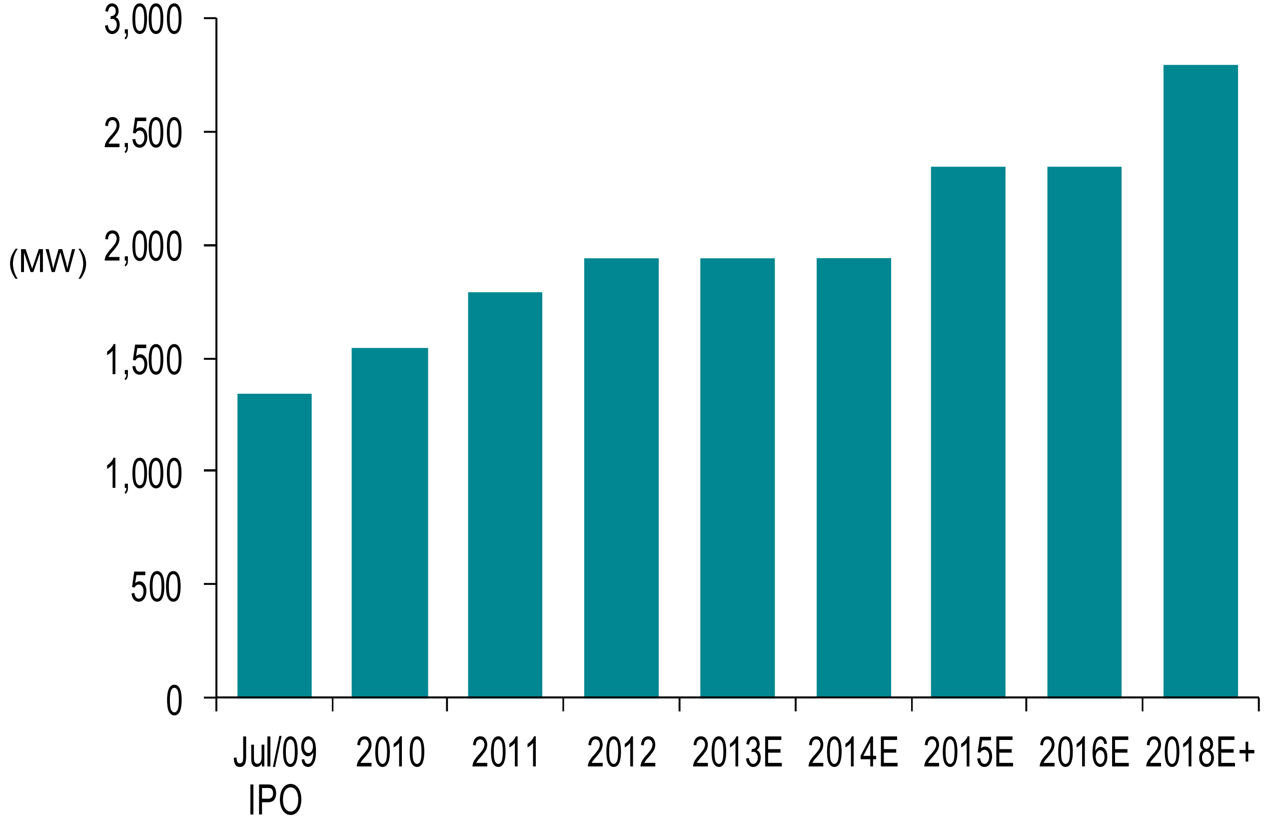
Enhancing shareholder returns by concentrating merchant investments in Alberta and operating a leaner core business

- Alberta is North America’s fastest-growing power market, with continuing strong demand growth, significant need for replacement generation as coal units retire, and stability in its overall regulatory and market structure
- High value investment opportunities exist for Capital Power in the Alberta market
- Expect our investments in the Shepard Energy Centre and the future Capital Power Energy Centre to deliver improved and more stable returns for our shareholders

Capital Power is enhancing returns to shareholders in the short, medium and long term, with less portfolio risk

The best fleet in the fastest growing power market in North America

With investments in the Shepard and CPEC facilities, Capital Power will own high-quality baseload, mid-merit, renewable and peaking generation in Alberta that will enhance our Alberta merchant focus



- Best peaking responsiveness
- Best coal fleet reliability
- Lowest environmental impact and lowest cost
- Most competitive natural gas combined cycle

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Financing strategic growth opportunities

Investment in Shepard expected to reduce portfolio risk and earnings volatility, and enhance shareholder returns

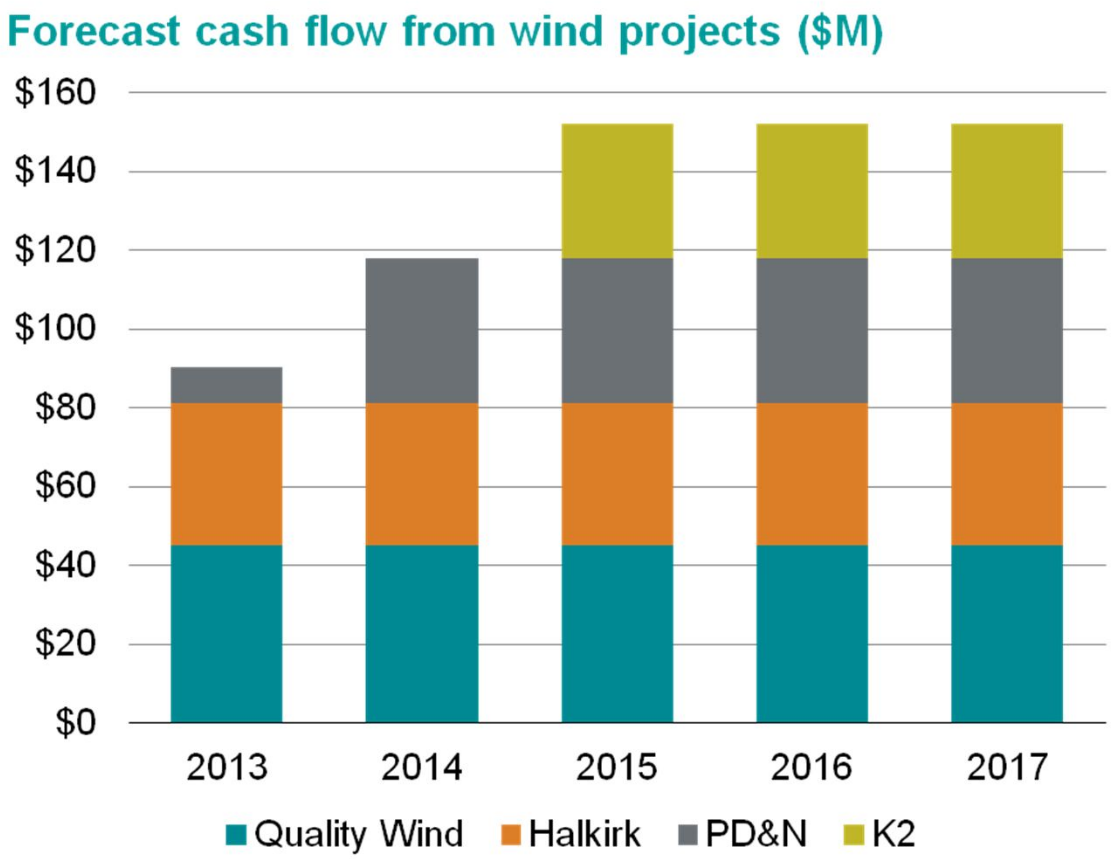
- Net proceeds from the New England transaction will be used to complete the acquisition of Capital Power's 50% interest in the 800MW Shepard Energy Centre
  - Gross proceeds is approximately equivalent to expected carrying value of the assets projected at closing of the transaction
- Expect Shepard, PD&N and K2 construction costs to be financed by New England transaction proceeds, cash from operations and modest debt
- No further equity issuances (excluding DRIP) required to fund existing growth opportunities

Re-focusing creates immediate value for shareholders

Operating a simpler, more focused business leads to lower G&A expenses and immediate accretion in cash flow per share and earnings per share

- Net of expected trading margins, expect overall financial impact of the business refocusing, excluding the sale of the New England facilities, to reduce costs:
  - Annual expense reductions of ~\$25 million to \$30 million
  - Annualized EPS to increase \$0.20 to \$0.25
  - Annualized cash flow per share to increase \$0.25 - \$0.30
- Restructuring charge of ~\$10 million expected to be recorded in Q3/13

Investments in contracted wind will generate significant incremental cash flow



- 377 MW of owned generation in four wind projects forecast to provide $150M - $155M in annual cash flow before financing
- Strong accretion of ~$0.90 - $0.95 in cash flow per share, and ~$0.35 - $0.40 in earnings per share

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Company remains committed to its vision

Providing investors with a stable and growing contracted cash flow base, with upside exposure to the Alberta power market

- More than 1,450 MW of generation under long term contracts provide stable cash flows, supports the dividend and enhance access to capital
- Contracted cash flows are growing with the addition of PD&N, K2 and Shepard
- Capital Power will operate the best fleet in AB and be ideally positioned to benefit from this attractive power market

Enhancing returns to shareholders in the short, medium and long term with less portfolio risk while operating a leaner core business

- Focused business leads to an ongoing $25M - $35M reduction in annual expenses, $0.20-$0.25 accretion to EPS and $0.25-$0.35 accretion to CFPS
- Medium and long-term returns are enhanced by investments in Shepard and the future CPEC facility
- Portfolio risk and earnings volatility reduced by investments in Shepard, divestitures in New England and focusing of merchant activity
- Achieve growth through investments in contracted opportunities across North America and focusing merchant investments in Alberta
- Capital Power's leaner core business is the right size to be competitive for the future

Capital Power will achieve its vision of being one of North America's most respected, reliable and competitive power generators

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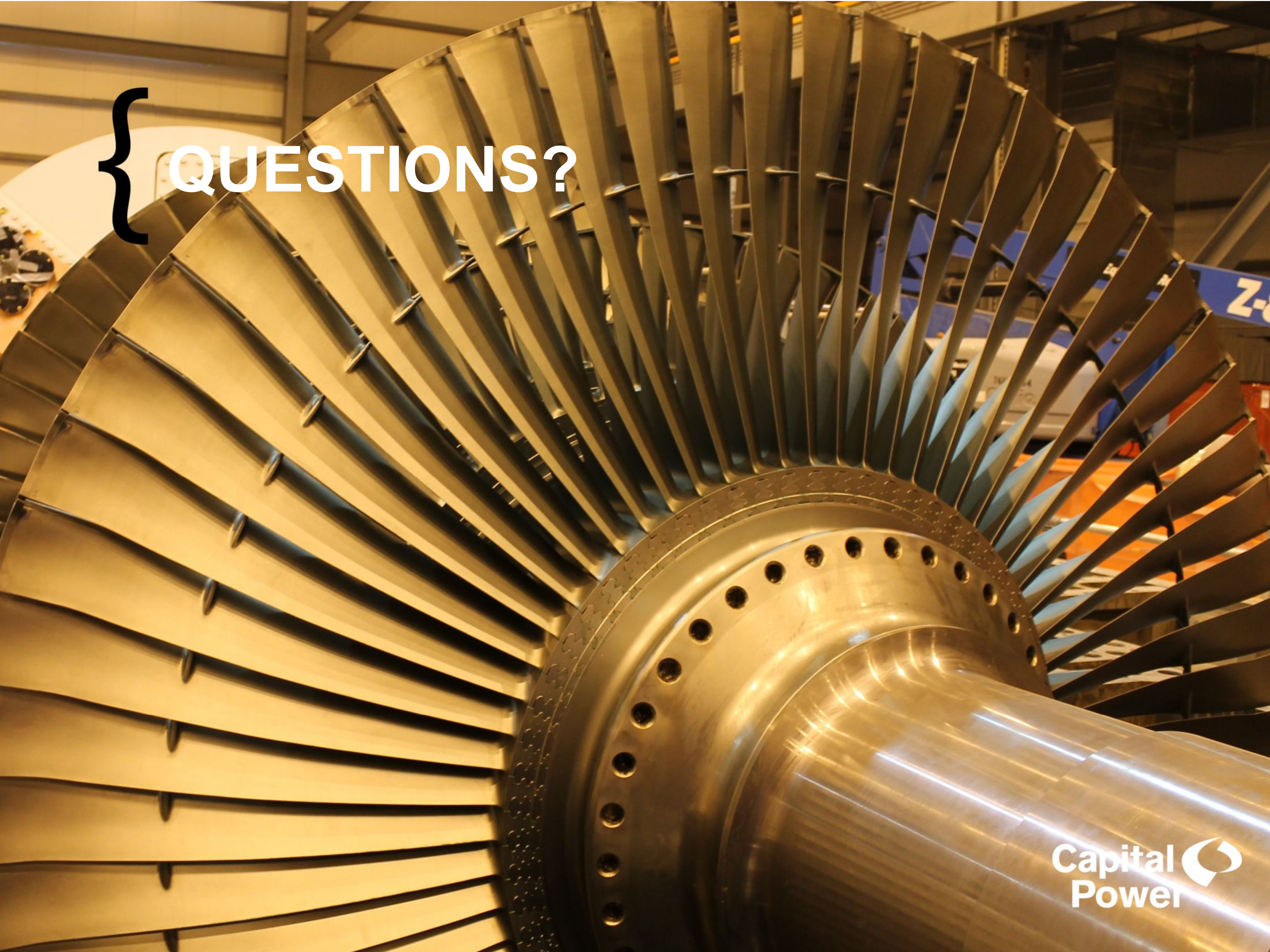
QUESTIONS?



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Forward-looking information

Forward-looking information or statements included in this presentation 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 in this presentation includes information with respect to: (i) expectations related to future earnings and funds from operations, (ii) expectations regarding the future pricing of electricity and market fundamentals in existing and target markets, (iii) expectations regarding fuel supply and pricing, (iv) expectations related to the Company's future cash requirements including interest and principal repayments, capital expenditures and dividends, (v) expectations for the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings, (vi) expectations regarding future growth and emerging opportunities in the Company's target markets including the focus on certain technologies, (vii) expectations regarding the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions, (viii) expectations regarding plant availability, and (ix) expectations regarding capital expenditures for plant maintenance and other.

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 and expected future developments, and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to: (i) electricity and other energy prices, (ii) performance, (iii) business prospects and opportunities including expected growth and capital projects, (iv) status of and impact of policy, legislation and regulations, (v) effective tax rates, and (vi) other matters discussed under the Performance Overview and Outlook sections of the Company's second quarter 2013 MD&A dated July 26, 2013.

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: (i) changes in electricity prices in markets in which the Company operates, (ii) changes in energy commodity market prices and use of derivatives, (iii) regulatory and political environments including changes to environmental, financial reporting and tax legislation, (iv) power plant availability and performance including maintenance expenditures, (v) ability to fund current and future capital and working capital needs, (vi) acquisitions and developments including timing and costs of regulatory approvals and construction, (vii) changes in market prices and availability of fuel, and (viii) changes in general economic and competitive conditions. See Risks and Risk Management in the Company's December 31, 2012 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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