CAPITAL POWER

2014 Investor Day

December 4, 2014

Forward-looking information

Cautionary statement

Certain information in today's presentations 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.

Please refer to the forward-looking information slides at the end of the presentation and in our disclosure documents filed with securities regulators on SEDAR, which contain 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.

The forward-looking information contained in today's presentations is provided for the purpose of providing information about management's current expectations and plans relating to the future. Such information may not be appropriate for other purposes.

Our management team

Brian Vaasjo
President & CEO

Kate Chisholm
SVP Legal & External Relations

Todd Gilchrist
SVP Human Resources, Health, Safety & Environment

Bryan DeNeve
SVP Corporate Development & Commercial Services

Darcy Trufyn
SVP Operations, Engineering & Construction

Stuart Lee
SVP Finance & CFO

Today's presenters

Agenda

Time	Topic	Presenter
10:00 am	Introduction	*Randy Mah*
	Delivering on our strategy	*Brian Vaasjo*
	Optimizing operations	*Darcy Trufyn*
	Alberta power market	*Bryan DeNeve*
	Construction update	*Darcy Trufyn*
	Contracted growth pipeline	*Bryan DeNeve*
	Growing cash flows & dividends	*Stuart Lee*
	2015 corporate priorities	*Brian Vaasjo*
12:15 pm	Lunch and Q&A session	

Delivering on our Strategy

Corporate strategy and execution

Brian Vaasjo, President & CEO

Preserving and growing shareholder value

Existing operations

- Assets, resources and capital optimized to generate greater value

Future growth

- Genesee 4 & 5 project moving from development to construction
- Acquisition of a contracted renewable development and construction platform

2015

- 2015 is the bottom of the cycle
- Our outlook beyond 2015

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2015 market looks as expected

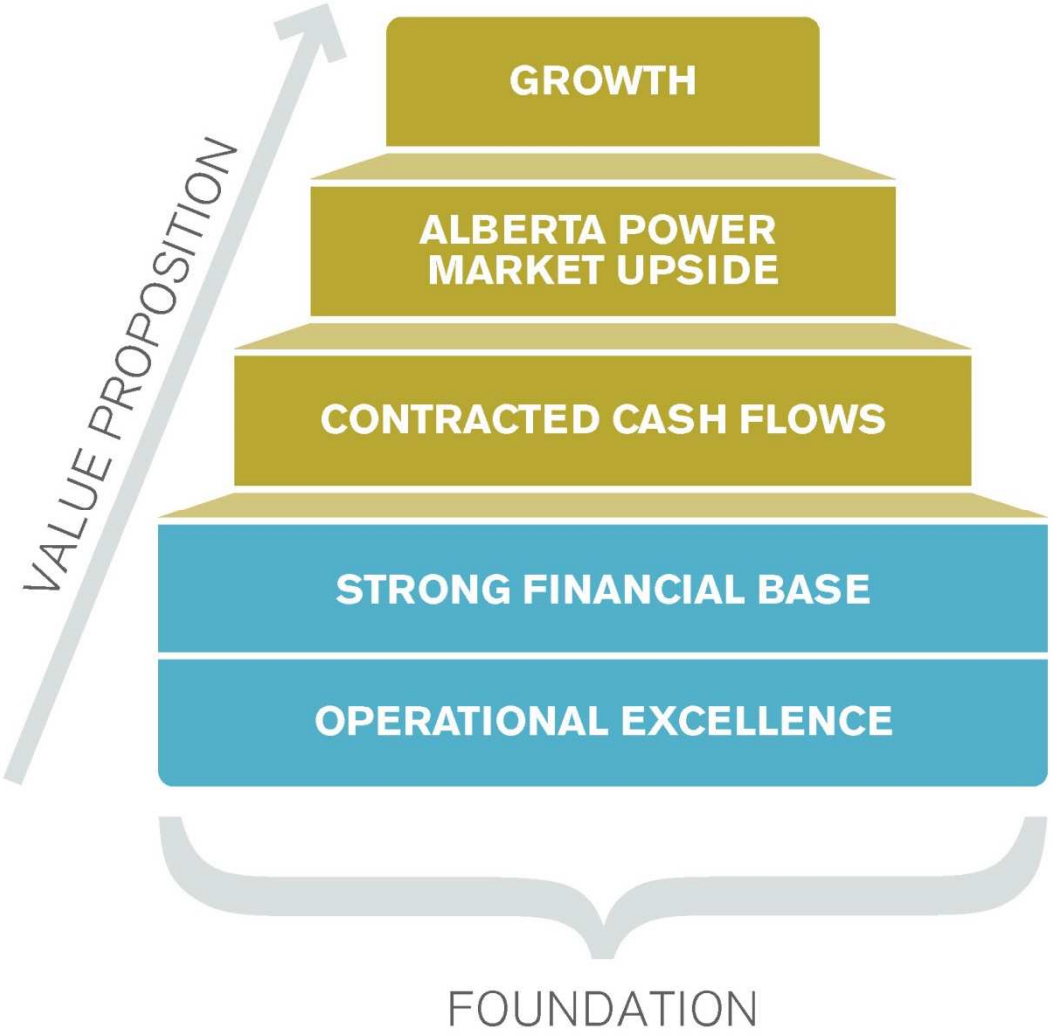
Alberta power price low point

- Accelerated reliability program from 2012, substantial 2013 cost reductions and sale of the U.S. North East U.S. assets
- Structured Shepard agreement so that 100% of our output is contracted in 2015
- 2015 portfolio hedging strategy

Planning reflects the expected bottom-of-the cycle power prices in 2015

- Our discussion in 2013 on starting a series of dividend increases and the July 2014 dividend increase incorporated the same view of 2015
- Development of Genesee 4&5 reflects weak power prices in 2015 and the outlook for price recovery. Construction starts next year and provides excellent flexibility to complete the project as early as late 2018

Capital Power's value proposition



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Operational excellence

- A number of 2014-15 activities developed to increase reliability, reduce costs or reduce risks
- Restoring the North Carolina plants to capacity
- Significant increase in availability at Clover Bar Energy Center at lower cost and risk

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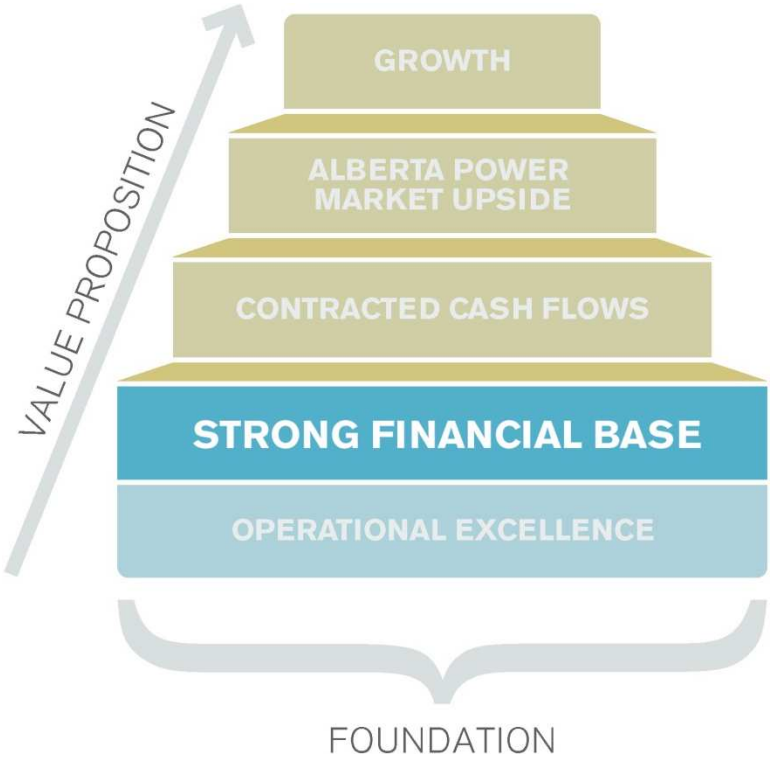
Strong financial position



- Despite low point in the cycle:
  - Cash flow expected to increase ~8% in 2015 over 2014
  - Capital Power is in a strong financial position
- Strengthening balance sheet and credit metrics
- Basis for consistent dividend increases beyond 2014

Contracted cash flow

- North American markets outside of Alberta have contracted opportunities
- Acquisition of Element Power US is responsive to the market and creates a platform for future contracted growth
- Focus on development and construction strengths

Alberta power market upside

- 2015 is the bottom of the cycle and hedging strategy responded to it
- Supply/demand outlook beyond 2015 supports timing of the Genesee 4&5 commercial operation date (COD)
- Market risks are mitigated by the flexible COD which is as early as late 2018
- Final design of Genesee 4&5 is ideally suited for the Alberta market; staging of COD, heat rate and responsiveness

Growth

- Completion of Shepard in 2015, on time for COD in Q1/15 and on budget
- Completion of K2 Wind, on time for COD in mid-2015 and on budget (adjusted for US$)
- Execution of our construction strategy on Genesee 4&5

Key growth drivers

- Disciplined focus on the power generation business in North America
- Investments in Shepard and Genesee 4&5 complement our existing assets in Alberta
- Strong North American platform of contracted opportunities
- Capitalize on proven development and construction strength



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Execution of strategy

- Pursuit of higher levels of operational excellence
- Strong and growing contracted cash flow base
  - Strong financial position and prudent capital allocation
  - Supports an increasing dividend profile
- Commercial activities focused on capturing the Alberta power market upside

Best assets in the best market in North America



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Optimizing Operations

Facilities and operating performance

Darcy Trufyn, SVP Operations, Engineering & Construction

Operations – optimization

Capital Power continues to optimize assets based on 4 pillars

Output - Focus on Reliability Program continues – our pro-active approach to improve availability on a high availability fleet

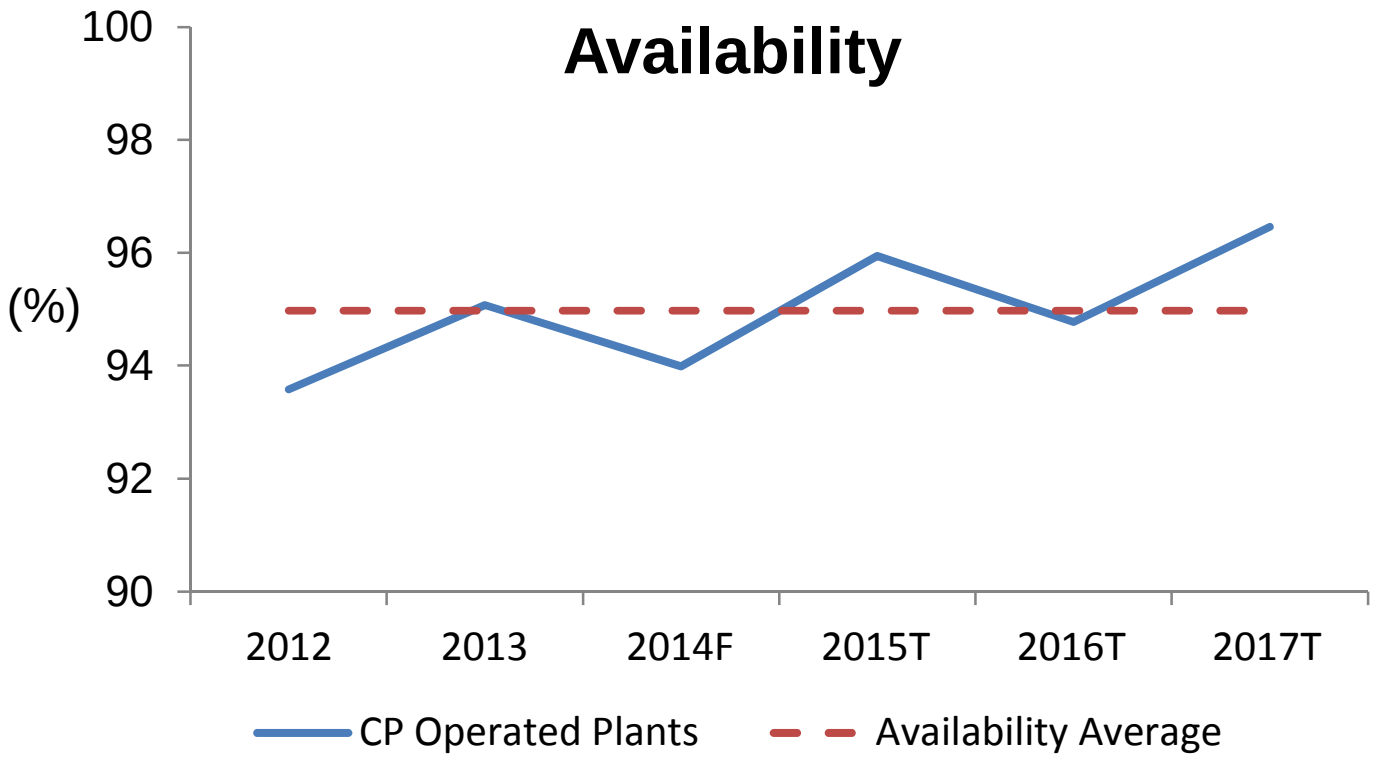
Cost - Significant cost improvements at all facilities – without sacrificing short or long term availability

Risk - Predictability through risk mitigation

EH&S - Zero harm focus drives superior results

Fleet performance

Targeting 95% availability over the 6-year period



Proven Operations + Reliability = Increased Availability

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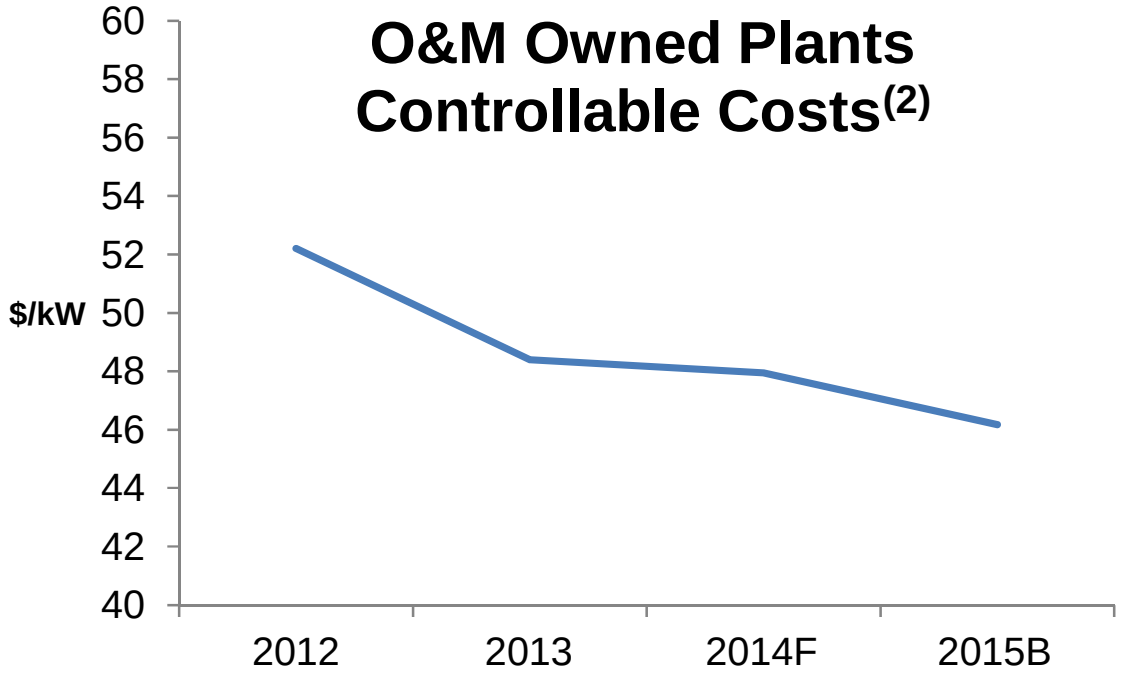
Cost – bending the curve(1)



Committed to spending smarter, however, we will not compromise our high maintenance standards that allow us to achieve high plant availability.

1) Normalized to 2014 dollars
2) Controllable costs excludes fuel, insurance and property taxes.

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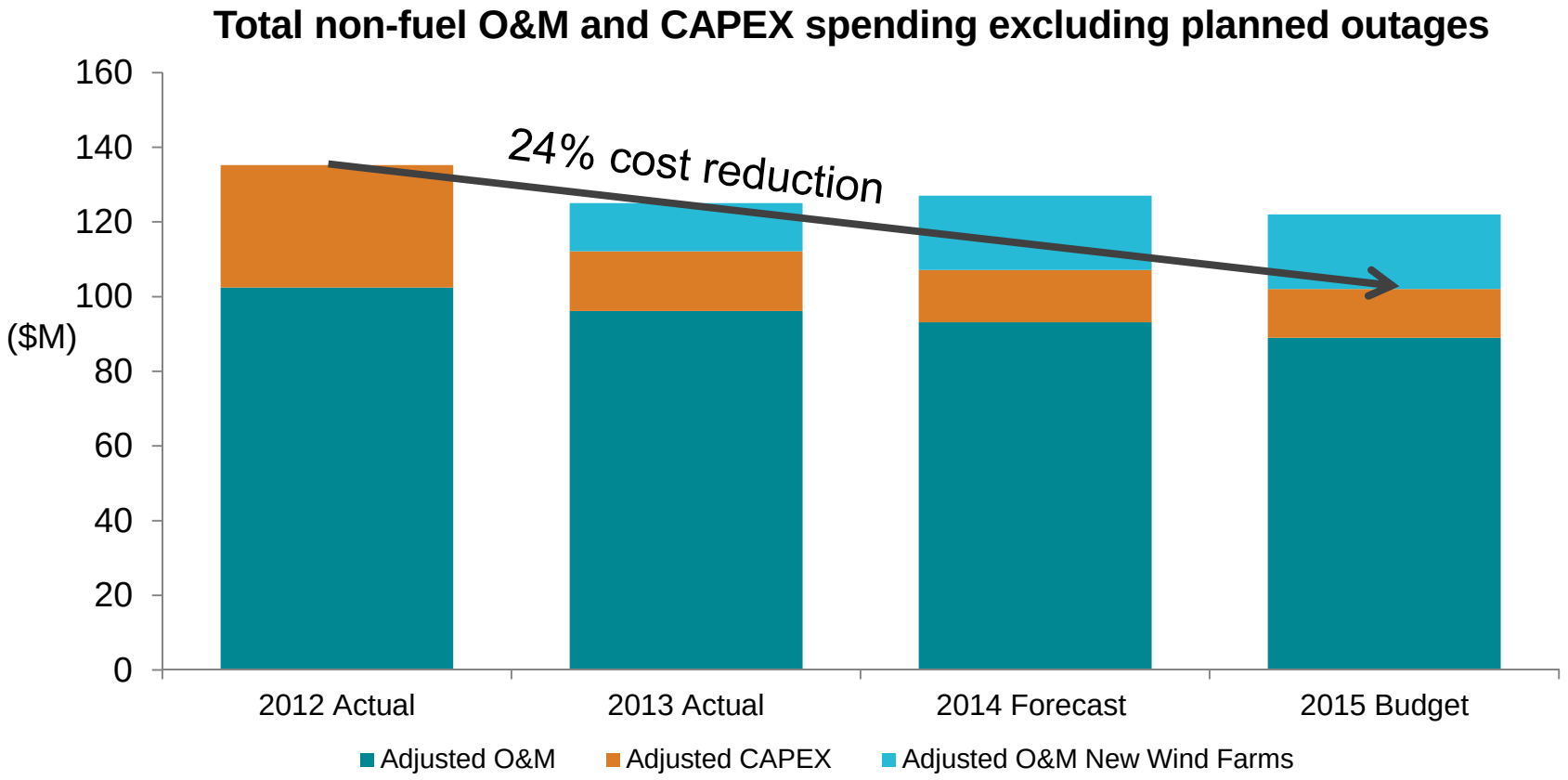
Cost - fleet O&M and sustaining capital(1)

Trend is towards more efficient use of resources in both O&M spending and sustaining capital program



1) Adjusted for current fleet in 2014 dollars.

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Risk mitigation

Numerous initiatives undertaken to minimize operational risk and improve predictability

- **Service Agreements** - Long Term Service Agreements (LTSA) established with Original Equipment Manufacturers (OEM) on key assets
- **Major Spares** - Critical spares on major components enable CP to reduce outage durations and impacts
- **System Integrity** - High Energy Piping and Boiler Integrity Programs are in place to maintain our pressurized equipment and piping
- **Reliability Program** - Maintenance through pro-active actions
- **Applied Learnings** - A robust Root Cause Analysis program ensures that problems are properly identified and addressed, and that learnings are shared across the fleet

Safety and environment

Capital Power is an industry leader in safety and environment

- **Zero Incident Commitment -** A commitment to eliminate lost time incidents and major environmental incidents

- **Safe Facilities -** TRIF this year is forecasted at 0.3 and a record 284 days without a lost time incident
- **Robust HSE Program -** Standardized program across fleet, annual improvement plans, plant hazard inspections, training and contractor performance
- **Superior Environmental Performance -** Program to improve on our already excellent

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Coal facilities – Genesee

Genesee 1& 2: 400 MW each, Genesee 3: 466 MW

Output

- Genesee boiler program enhanced to further reduce tube leaks

Cost

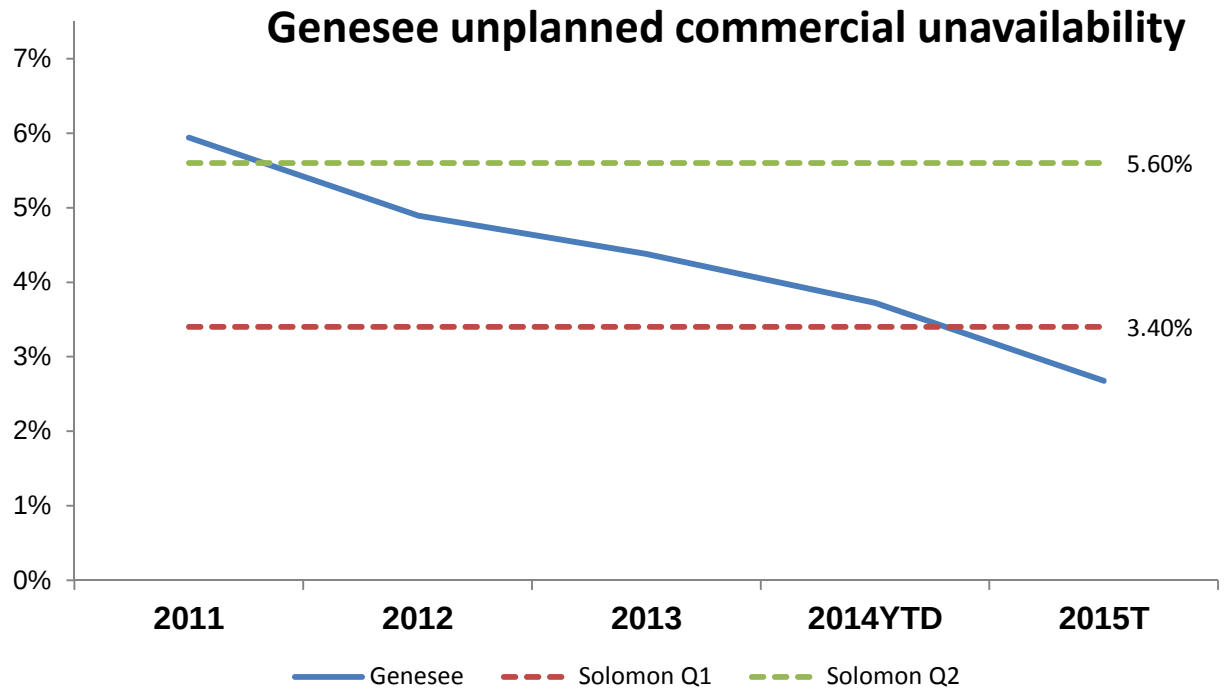
- Optimization continues – reduced capital spend
- Major reductions in mine O&M and capital

Risk Mitigation

- Resolution with Hitachi on the 2008 G3 blade failure includes a fully bladed LP rotor (interchangeable with Keephills 3)
- Spare LP, HP and IP rotors for G1 and G2
- Spare transformer for G1, G2 and G3 (derated)

Making the best Alberta coal fleet even better

Benchmarking Genesee 1, 2, & 3



- G1&2 have historically performed very consistently each year
- G3 performance has improved substantially over the past two years

Genesee facility is targeting top quartile performance in the 2015 Solomon Study

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Mining – Genesee

Background

- In Spring 2014, Westmoreland Mining acquired CP's JV mining partner, Prairie Mines, and became Operator of the Genesee Mine

Mining improvements

- Westmoreland introduced different mining techniques that provide lower unit coal costs
- Maintenance program completely revamped – less capital intensive

Cost improvements

- Through these and other initiatives, anticipated $5M/year O&M savings and $5-7M/year capital savings. CP receives 82% of these benefits.

Land acquisition

- 98% of the land required for Genesee's future needs now acquired – significant capex over the past 4 years is now almost complete



Capital Power operated gas facilities

Clover Bar units 1, 2 & 3: 250 MW; Island Generation: 275 MW

Output

- Reliability program in an advanced phase

Cost

- Issues with early vintage LMS units

Risk mitigation

- Two LMS 100 units are now fully reconditioned with the more durable components

Clover Bar Energy Centre, AB

- LTSA with GE will ensure costs going forward are highly predictable
- High availability maintained through lease engine program

Island Generation, BC

Cost

- Major cost improvements implemented in 2014
- 30% reduction in O&M for 2015 vs. 2013

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Wind farm facilities

Halkirk, AB: 150 MW
Kingsbridge 1, ON: 40 MW
Quality Wind, BC: 142 MW
Port Dover Nanticoke, ON: 105 MW

Output

- Availability improvement strategies underway
- Opportunity to improve V90 and V100 output

Cost

- Cost optimization implemented

Risk

- LTSA in place with OEM's to maintain high availability and minimize risk

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Biomass facilities

Southport, NC: 84 MW + steam; Roxboro, NC: 48 MW
Both plants use tri-fuel blend: wood/tire-derived fuel/coal

Output

- Improved sustainable output
- Bottom ash removal system installed
- Fuel storage/receiving improved

Cost

- Program to reduce/eliminate coal fuel (high $/GJ)
- Alternative wood fuel being sourced
- Reductions in cost of ash removal

Revenue

- New contract for off-peak RECS negotiated in 2014. $1M+ per year
- Per original PPA, $4M in additional on-peak REC as of 2015

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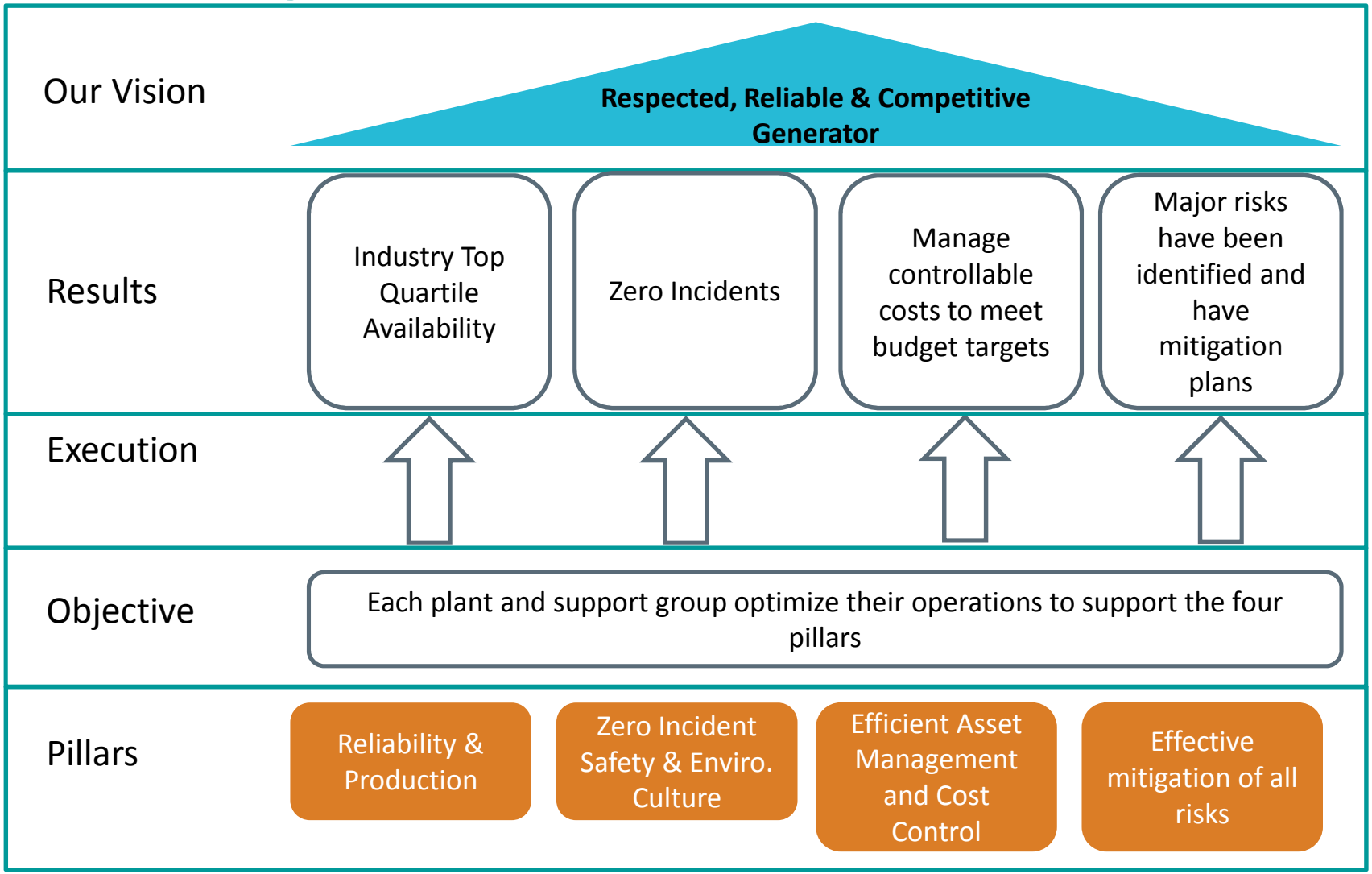
Summary



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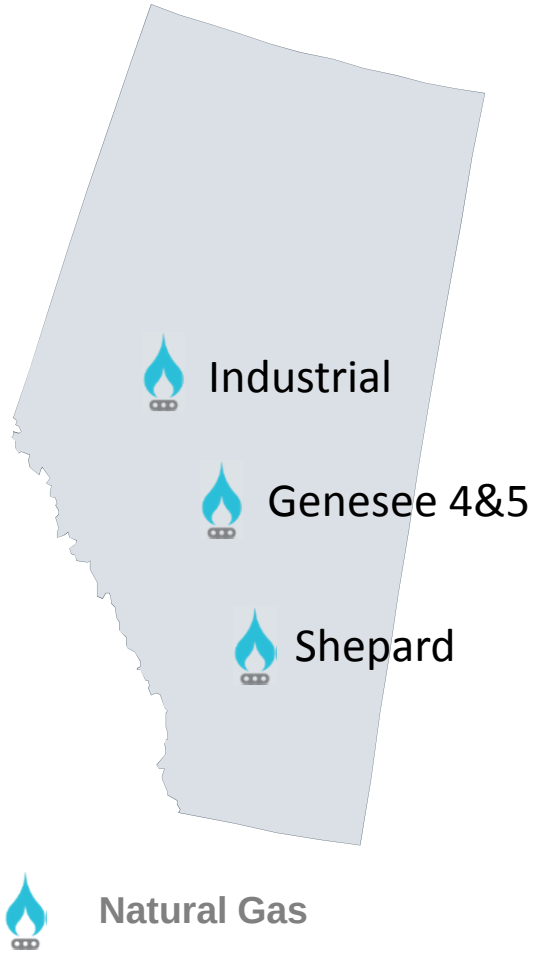
Alberta Power Market

Most attractive power market in North America

Bryan DeNeve, SVP Corporate Development & Commercial Services

Strong Alberta focus



- Capital Power continues to focus on the Alberta power market
- Shepard will reach COD in Q1/15
- Genesee 4&5 will start construction in May 2015
- Increasing focus on large industrial power solutions
- Also investigating renewable opportunities

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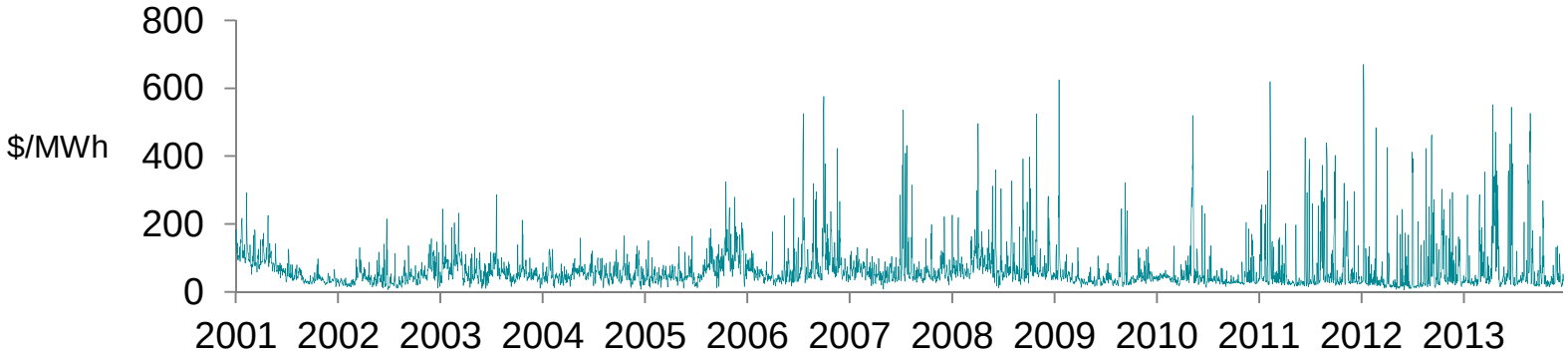
Overview of Alberta power market

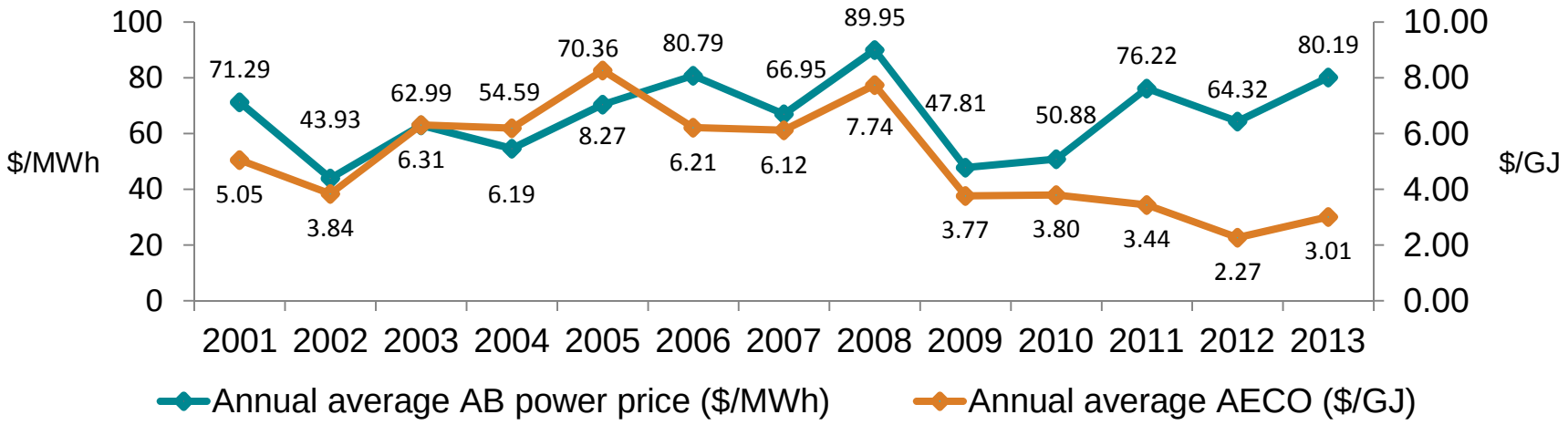
- Competitive wholesale and retail energy market
- Installed generation capacity of 16 GW
- Entire province is a single zone where power prices are determined by the bid price of the incremental power generator – no capacity market
- About 10% of hours have prices greater than $100 in 2009-2013
- Well functioning and stable market design
- Alberta continues to experience strong load growth
- Legislated retirement dates for coal fired plants

Historical Alberta prices

Daily average power prices



Annual average power prices and AECO



In the past 13 years, annual Alberta power prices have averaged $66/MWh

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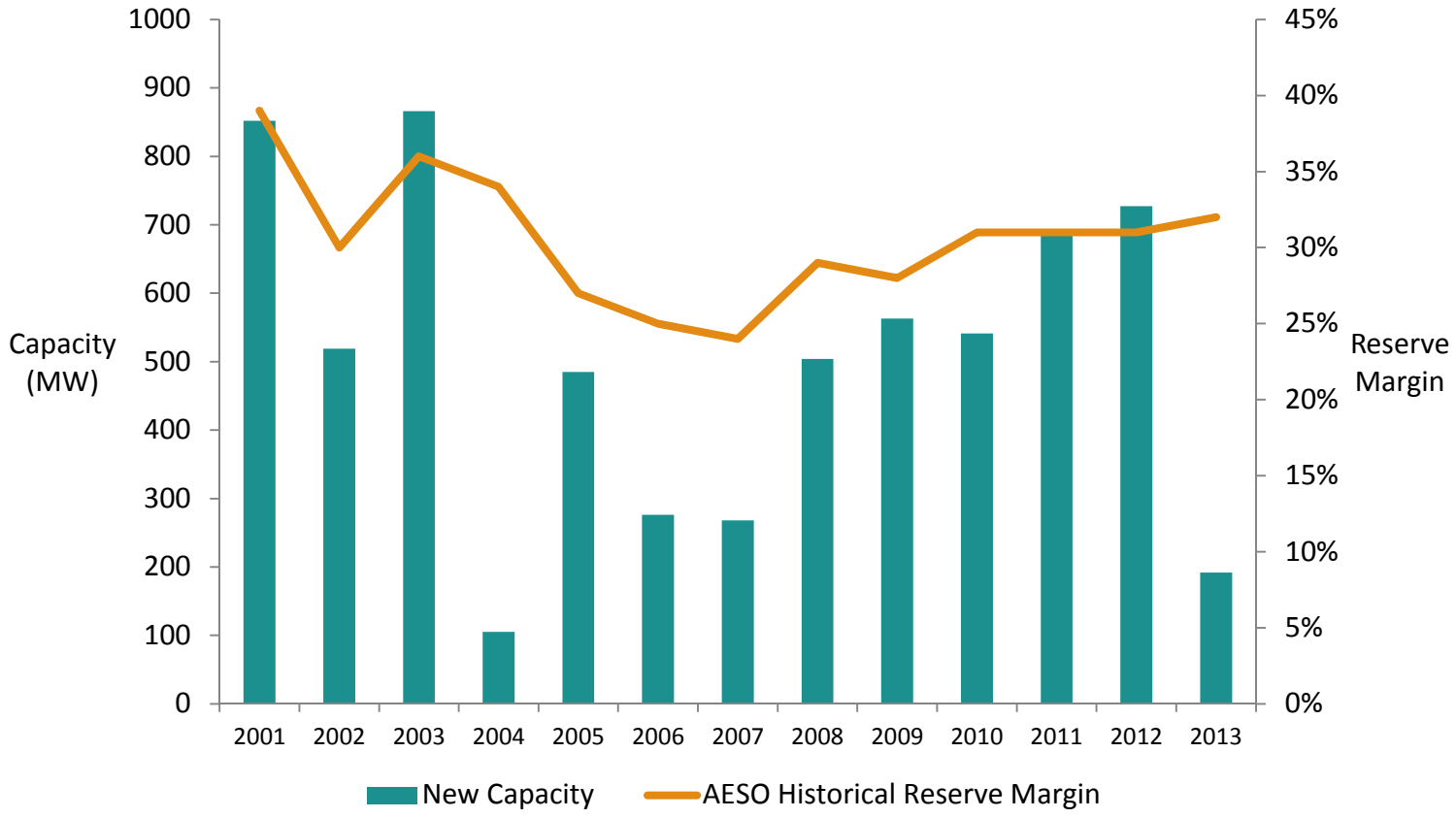
Stability of market design is critical given the magnitude of investments in new generation

Stable market design has signalled the addition of 7 GW of new generation



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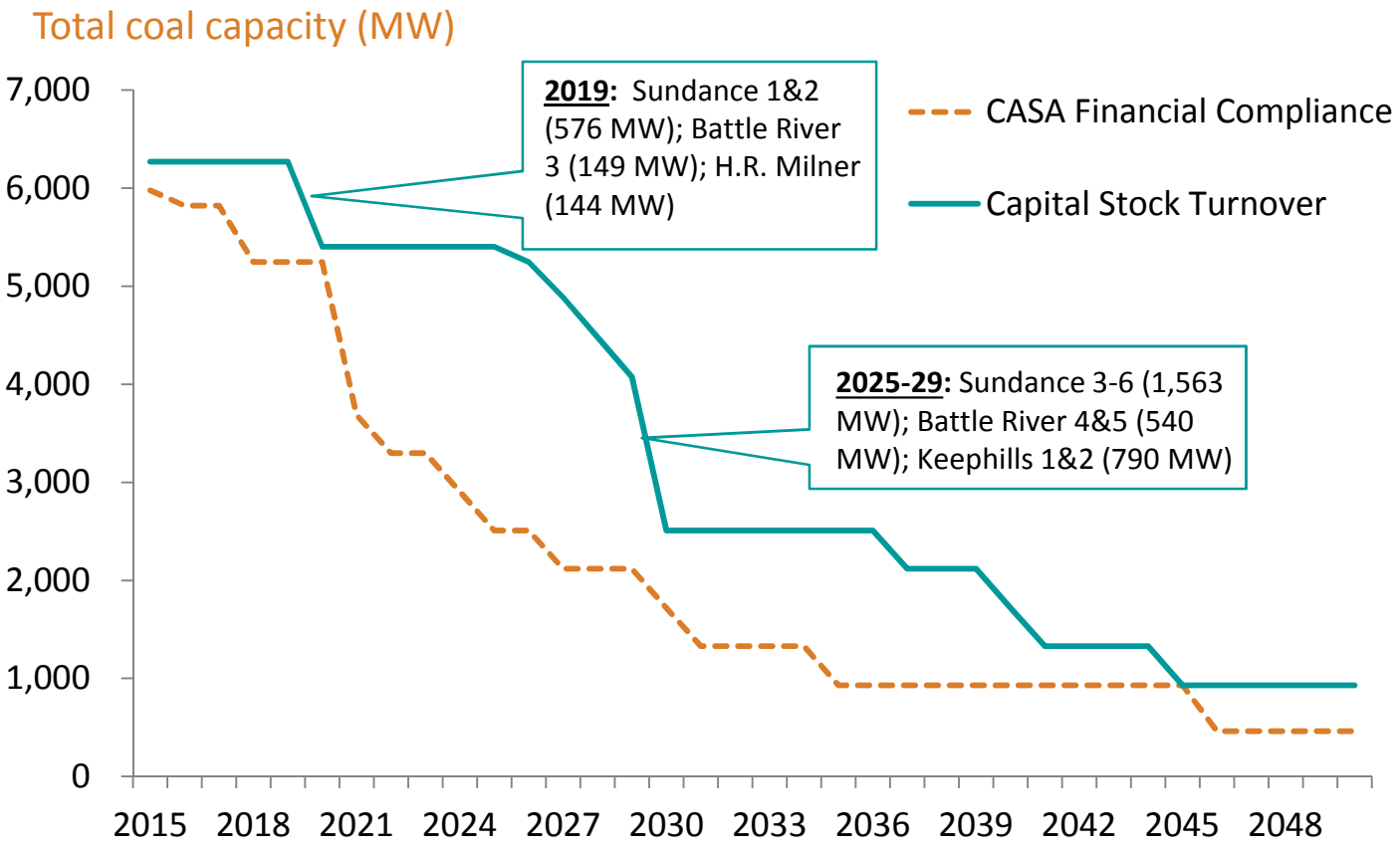
Expected coal unit retirements

Clean Air Strategic Alliance (CASA) regulations may result in coal units retiring sooner



Note: CASA Financial Compliance assumes coal-fired capacity retirements at the end of design life as per the Alberta Air Emissions Standards for Electricity Generation CASA framework.

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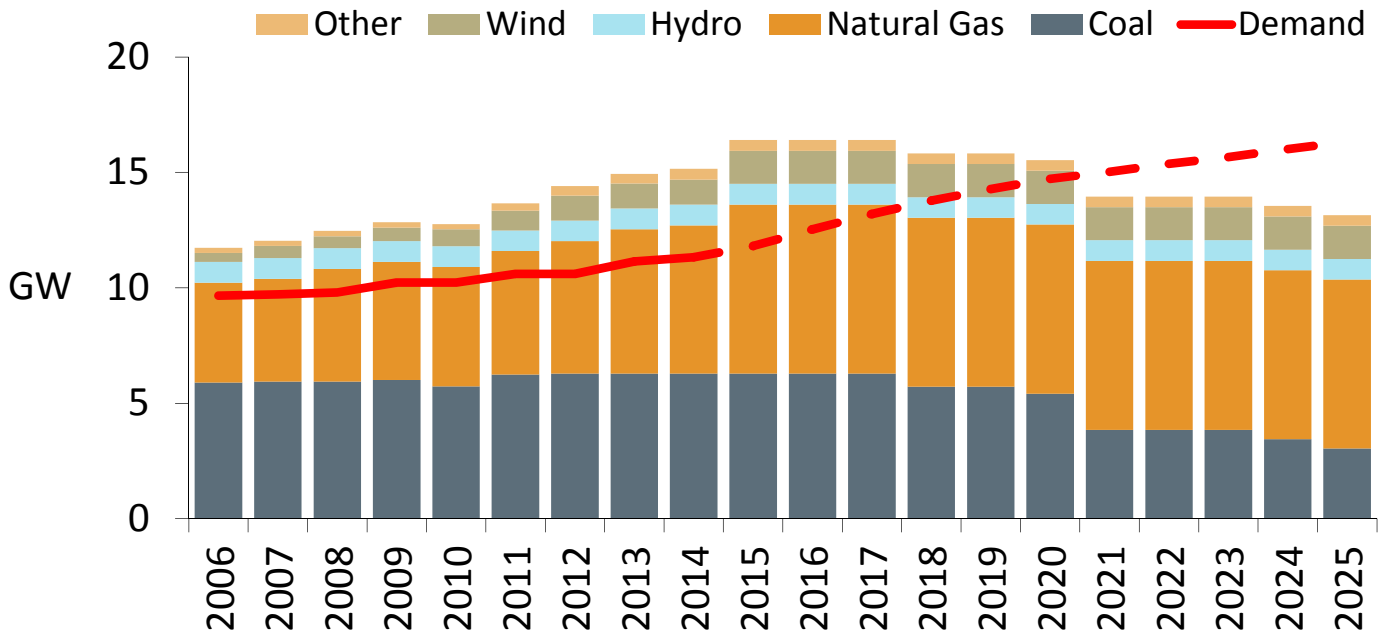
Timing of new supply

Alberta supply and demand



Projected reserve margin signals the need for new capacity in the 2018-2020 timeframe(1,2)

1) Source: AESO and Capital Power estimates - Nov/14.
2) Coal retirements based on CASA End of Design Life Year (except units that have announced intentions to retrofit or run to Capital Stock Turnover).

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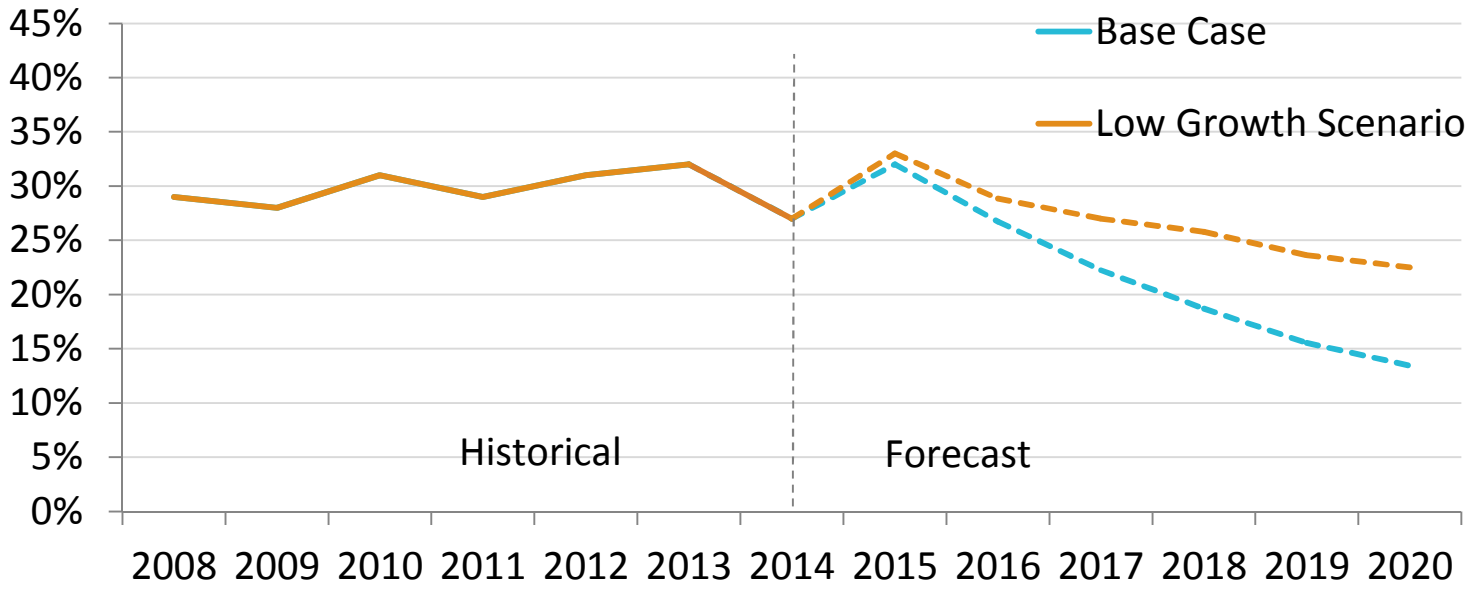
Market balance

Reserve Margin[1,2]



Slower growth in oil sands development due to persistent low oil prices would delay new capacity requirements by 2 to 3 years

1) Source: Capital Power estimates and AESO 2014 Long Term Outlook scenarios.
2) Forecast includes projects under construction and interties.

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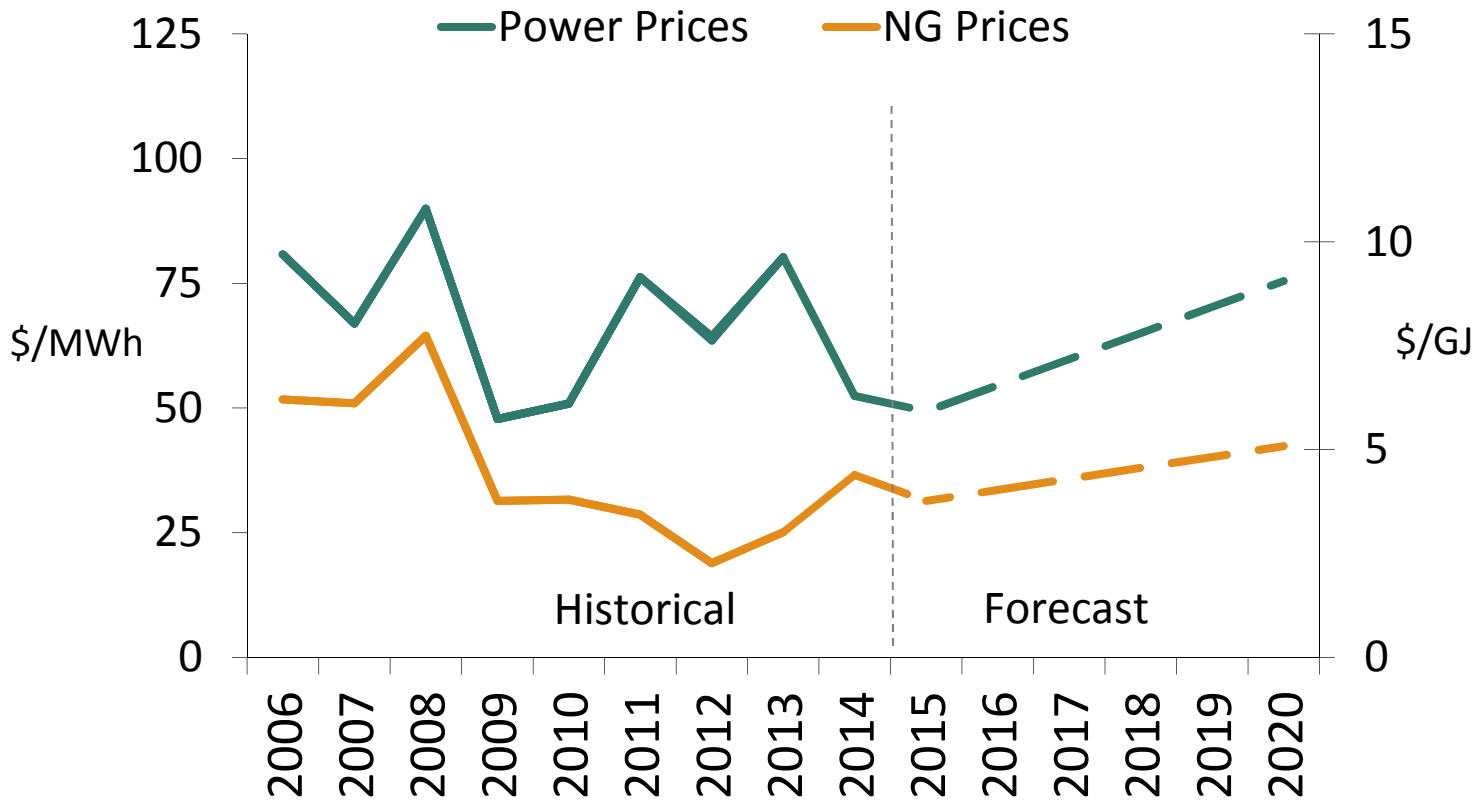
Alberta market

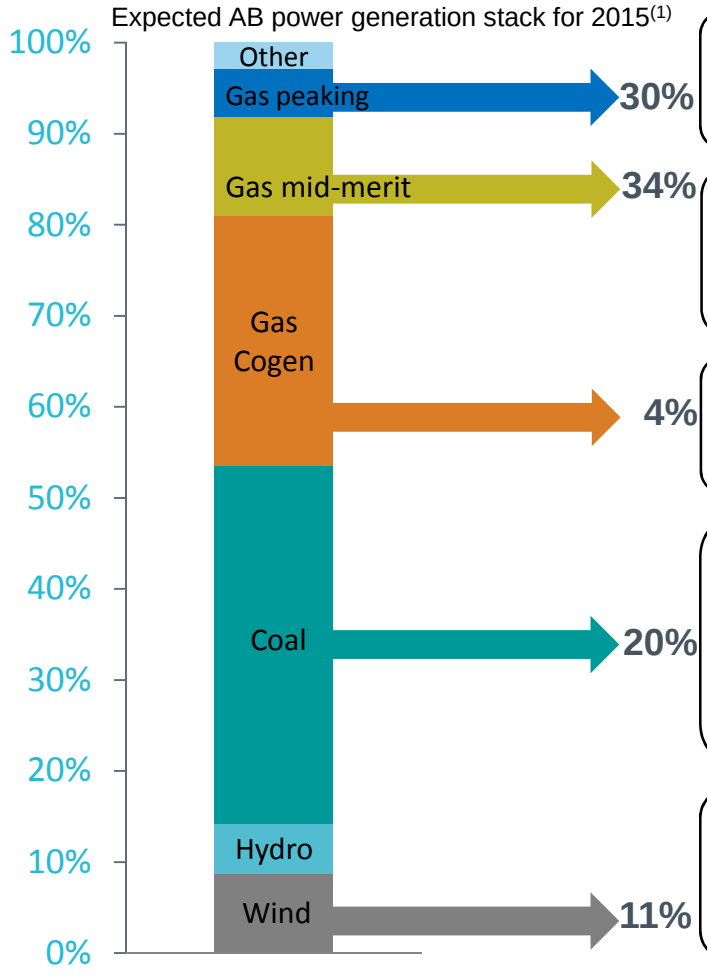
Alberta energy prices(1)



1) Source: Capital Power estimates – Nov/14.

Diverse generation fleet in Alberta

Well positioned to capture value in Alberta's merchant market



Clover Bar Energy Centre

- Most responsive peaking facility in the AB market
- Captures peak pricing, backstops position

Shepard Energy Centre

- Under construction for COD in early 2015
- 50% JV interest in 800 MW natural gas combined cycle facility
- Most effective gas facility, with lowest heat rate

Joffre Cogen

- 192 MW capacity from jointly-owned mid-merit natural gas combined cycle facility

Genesee 1, 2, 3; Keephills 3

- G1 & 2 provides 860 MW of low cost baseload coal under PPA through 2020
- G3 and K3 provides 506 MW of merchant capacity from jointly-owned and operated plants. Cleanest coal units in Canada with the longest average life remaining of 44 years.

Halkirk Wind

- One of the largest wind farms in AB; provides Renewable Energy Credits into California market under long term contract
- Unique geographical location provides greater captured price

1) Capital Power's expected percentages reflect ownership interest and excludes Sundance PPA. Source: AESO.

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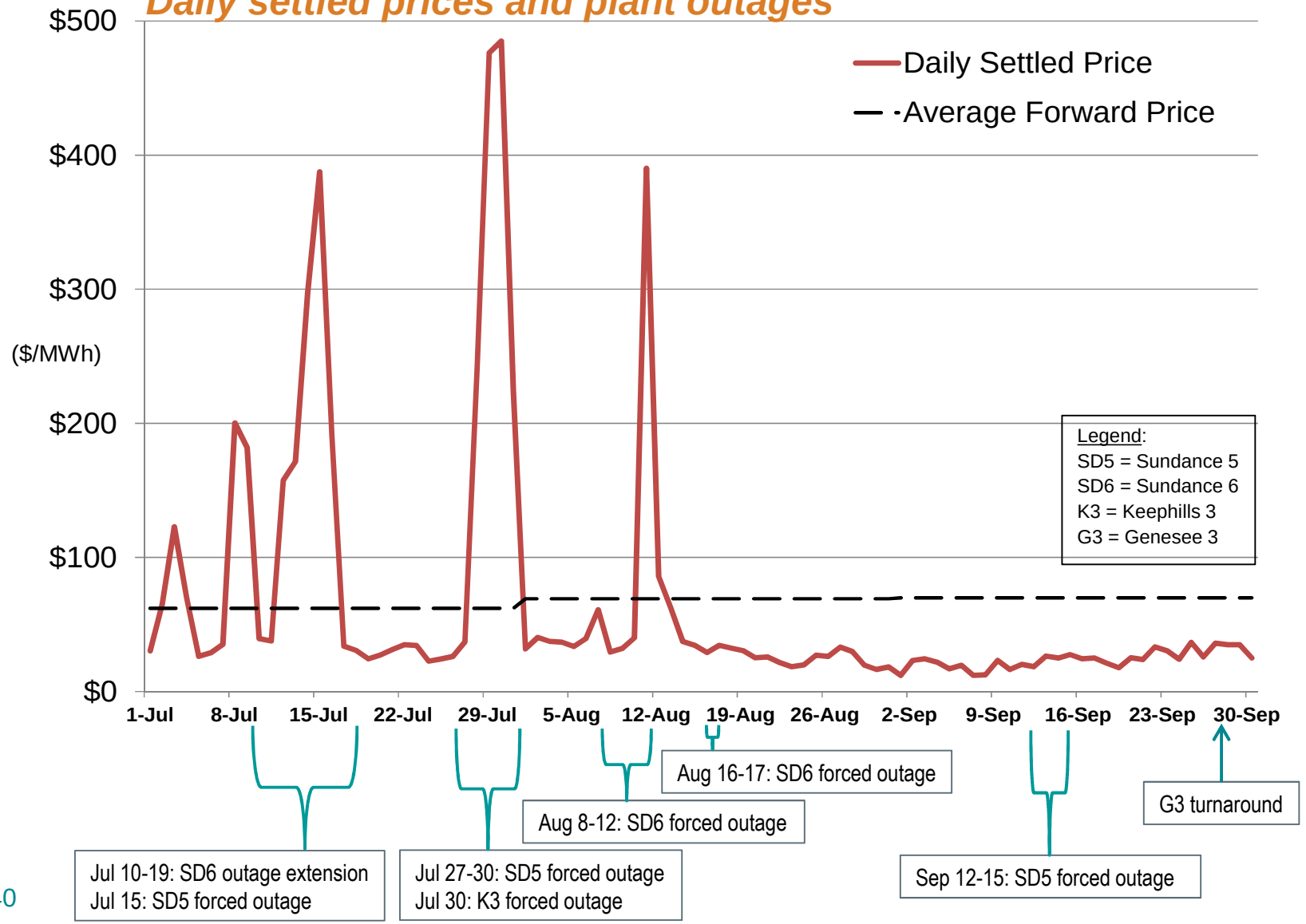
AB power market in Q3/14

Daily settled prices and plant outages

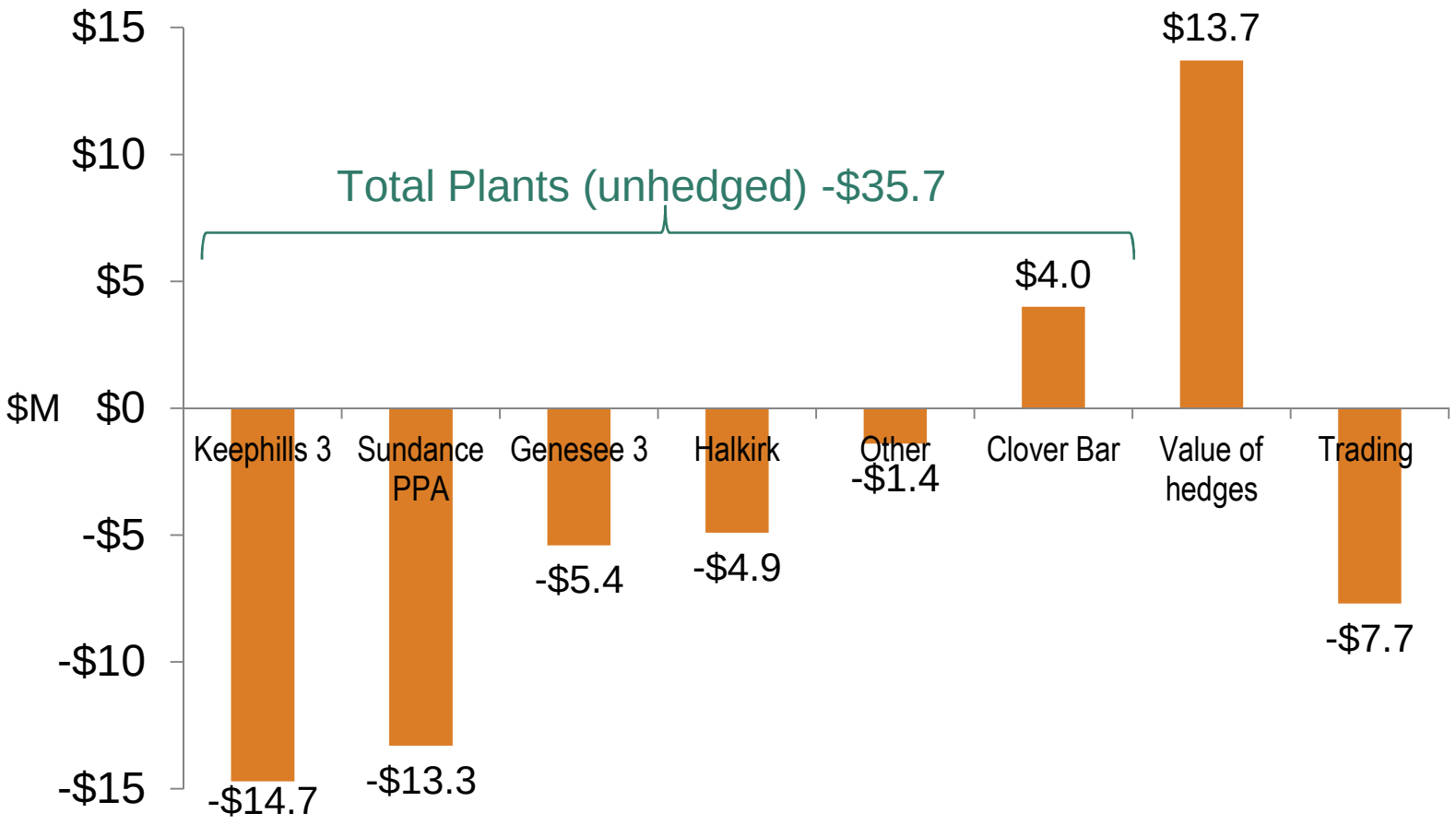


Impact of selling forward gas position

- Strategy generated trading losses in February and July when power prices settled above forward prices but has generated a net gain of $10M year to date

2014	CBEC Capacity Sold Forward (MW)	Actual Pool Price ($/MWh)	Trading Price 90 Days Prior ($/MWh)	Gain/(Loss)
Jan	180	$45	$66	$2.8M
Feb	100	$96	$60	($2.4)M
Mar	170	$44	$58	$1.8M
Apr	125	$31	$53	$2.0M
May	0	$54	$75	$0.0M
Jun	100	$42	$43	$0.0M
Jul	150	$123	$59	($7.0)M
Aug	110	$45	$64	$1.5M
Sep	140	$24	$68	$4.4M
Oct	210	$27	$70	$6.6M
YTD	120	$56	$61	$9.7M

AB Commercial – Q3/14 YTD variances



AB Commercial segment variance of -$29.7M YTD largely attributed to Keephills 3 and Sundance PPA

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AB commercial portfolio positions

- Alberta portfolio hedged positions (% sold forward)

	2015	2016	2017
Percentage sold forward[1]	96%	51%	26%
Average contracted prices[2] ($/MWh)	Mid-$50	Mid-$50	Low-$60
Forward prices ($/MWh) (as of November 30/14)	$48	$48	$51

- 2015 is significantly hedged in the mid-$50/MWh that protects downside from expected weak power prices
- Higher merchant exposure in 2016-17 to capture expected price recovery

1) Based on baseload plants and the acquired Sundance PPA plus a portion of Joffre and the uncontracted portion of Shepard Energy Centre baseload.
2) 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.

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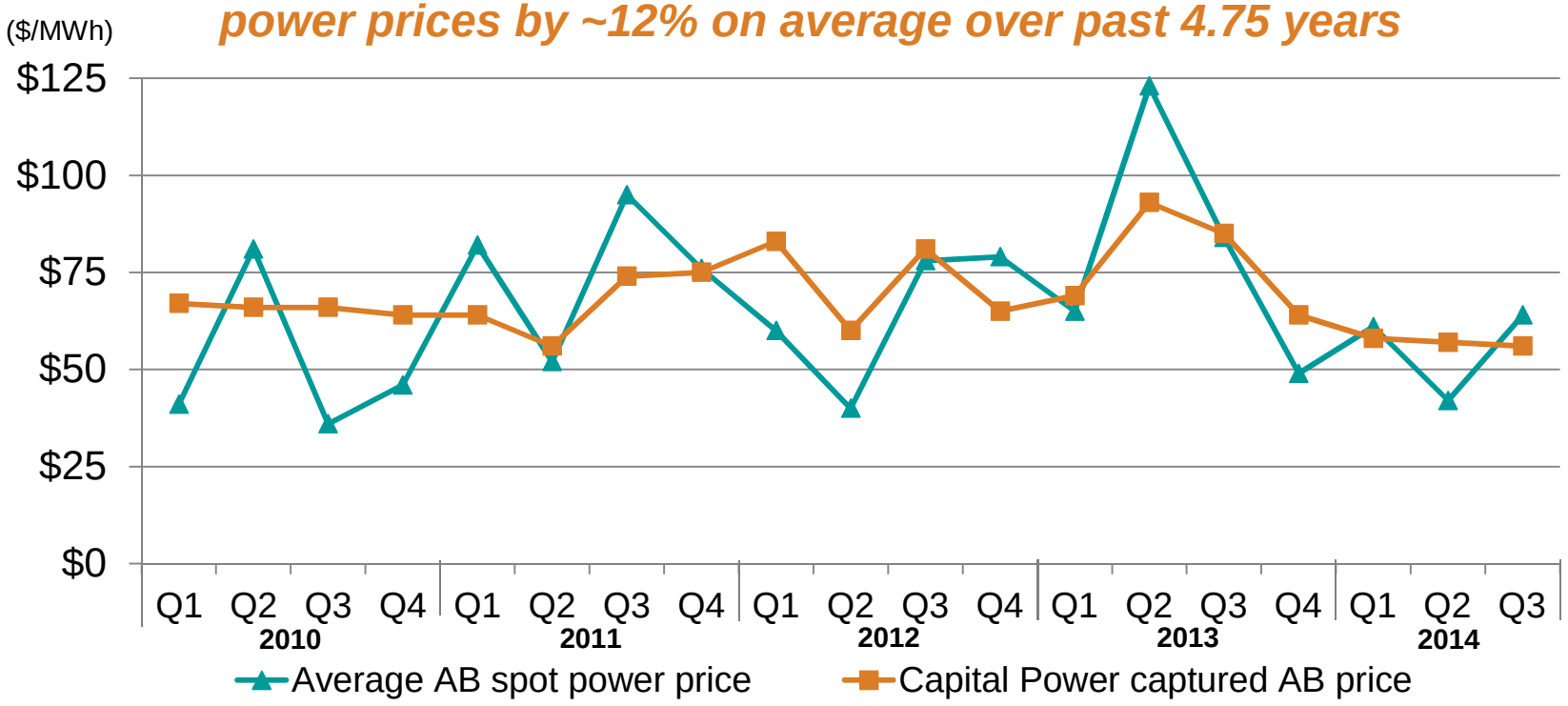
Alberta power market trading

- Hedging positions based primarily on generation from Genesee 3 and Keephills 3 baseload coal plants and output from the Sundance PPA
- Actively trading throughout various time periods to minimize portfolio risks, create incremental value, and reduce volatility

CPX's average realized power price has exceeded spot power prices by ~12% on average over past 4.75 years



Genesee 4&5

1,060 MW natural gas-fired combined cycle project

Genesee 4&5 highlights

- 1,060 MW natural gas fired combined cycle facility
- Two train 1-on-1 configuration in a single shaft layout utilizing the most recent combined cycle technology
- Located at the Genesee site adjacent to Genesee 3 – significant brownfield advantages
- Approved by AUC, Alberta Environment and Capital Power's Board of Directors
- Construction to commence Q2/15
- COD as early as late 2018 depending on market conditions
- Capital costs will be at least 15% lower than competitors given benefits of Genesee site and most recent combined cycle technology

Strategic fit

- Fixed base of toll revenues with 50% contracted in the Alberta market with upside potential from 50% merchant
- Schedule optionality with a two train 1-on-1 configuration
  - Built in flexibility in Power Island and EPC
- Lowest cost mid-merit gas-fired generation provides fuel and dispatch diversity
  - More base-loaded as coal units retire
  - Ability to operate in simple cycle mode
- Leverages construction and operational expertise
- Unlevered after tax IRR expected to exceed 11% and will be accretive to earnings and cash flow
- Increases contracted coverage post 2020

Technology and configuration

- Latest combined cycle technology has 4% lower heat rate than previous technology
- Highest output – lower cost due economies of scale
- Single shaft layout provides lower construction cost and dispatch advantages (i.e. faster ramp up and down)
- Two train 1-1 configuration allows for:
  - Phased construction and construction cost optimization
  - Lower minimum stable generation
  - Faster start-up and ramp down
  - Higher facility availability – outages and derates spread over two units

Commercial structure

- 50/50 Joint Venture with ENMAX
- Capital Power leads and manages development and construction
- Capital Power will operate and maintain the facility
- Each partner will have dispatch rights to 50% of the output
- 50% of Capital Power's share, 25% of the total, contracted to ENMAX under a tolling agreement
  - Initial term of 8 years with an option for ENMAX to extend to 10 years

Construction Update

Development & Construction

Darcy Trufyn, SVP Operations, Engineering & Construction

Shepard Energy Center

- **Plant:** 873 MW 2 on 1 combined cycle natural gas power plant
- **Location:** SE Calgary, AB
- **Ownership:** 50/50 joint venture Capital Power/ENMAX
- **Schedule:** Target COD Feb 2015
- **Cost**: On budget; CP's portion $821M
- **Safety:** TRIF 0.83
- **Current status**:
  - Steam blows/pipe restoration complete
  - Commissioning 84% complete

K2 Wind Ontario

- **Plant:** 270 MW wind farm located near Goderich, ON.
- **Equipment:** 140 Siemens turbines
- **Ownership:** JV equal ownership (CP/Samsung/Pattern)
- **Schedule:** COD mid-2015
- **Contract:** 20 year FIT contract with Ontario Hydro
- **Cost:** CP's portion of the wind farm is $310M
- **Status:**
  - On schedule. All civil work completed. 55 turbines topped out. Substations 70% complete.
  - Project remains on budget

Excellent track record of development

Outstanding track record of completing 7 construction projects (supercritical coal, natural gas, wind) totaling 1,691 MW

Asset	Capacity / fuel	On-time	On-budget	In-Service
Genesee 3[(1)] (AB)	516 MW / coal	√	+	2005
Kingsbridge 1 (ON)	40 MW / wind	√	√	2006
Clover Bar Energy Centre (AB)	243 MW / gas	+	√	2009
Keephills 3[(1)] (AB)	495 MW / coal	-	-	2011
Halkirk (AB)	150 MW / wind	√	+	2012
Quality Wind (BC)	142 MW / wind	√	+	2012
Port Dover & Nanticoke (ON)	105 MW / wind	√	+	2013

√ Met expectations at full notice to proceed
\+ Better than expected
\- Worse than expected

1) Joint venture with TransAlta Corporation; each party has a 50% ownership interest.

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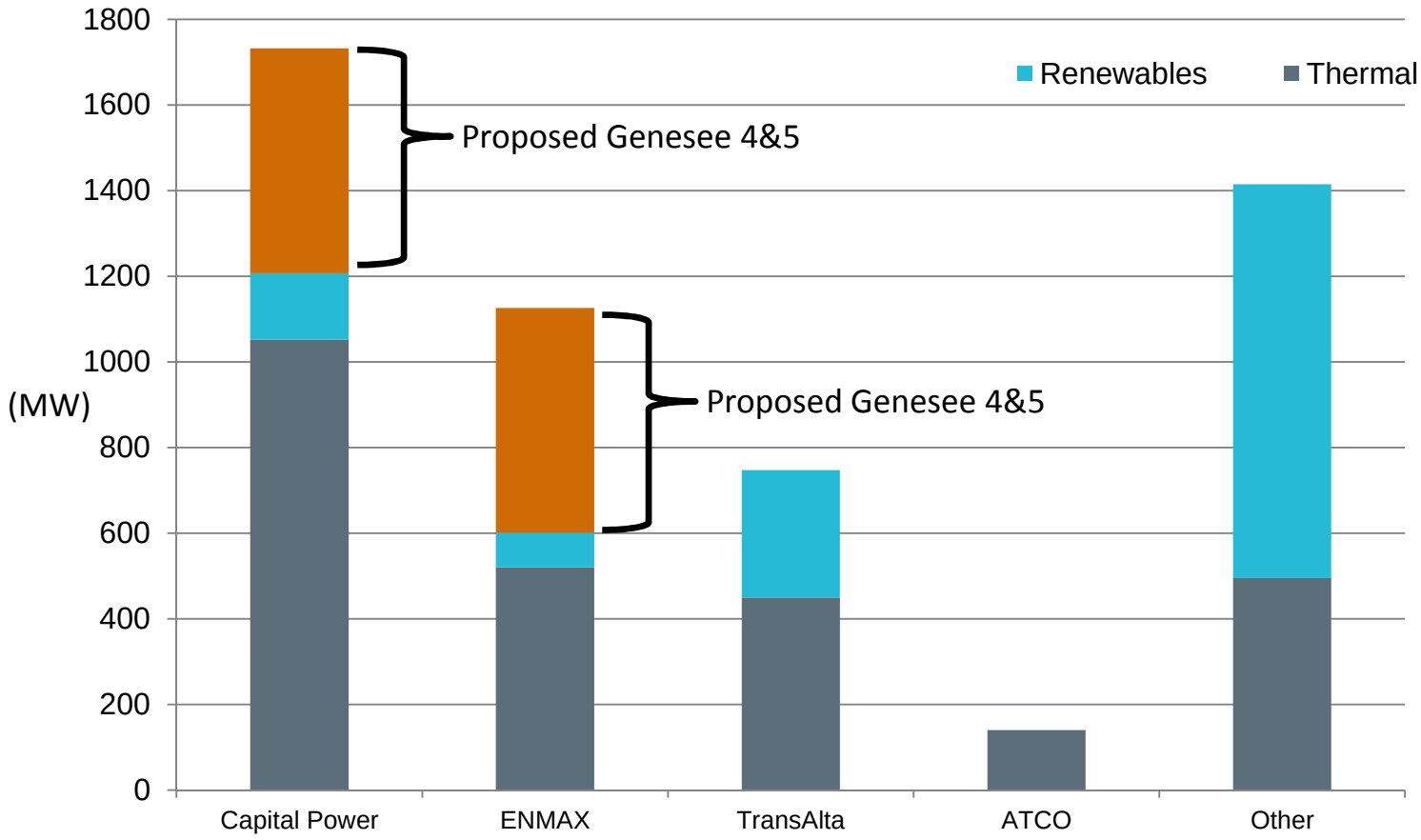
Capital Power is the leading developer in the AB market

Generation built in Alberta since 2004(1)



1) Includes Shepard Energy Centre and excludes generation for oilsand developments and coal-fired unit expansions.

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Project execution status – Genesee 4&5

- Plant and equipment layout/requirements finalized
- Competitive process completed to select power island equipment
- Competitive EPC Balance of Plant (BOP) process initiated
- Schedule
  - Award power island equipment – Dec 2014
  - Expand cooling water channel – Spring 2015
  - EPC BOP contract award – Fall 2015
  - Flexible to allow COD as early as late 2018 for Genesee 4

Creating the competitive advantage for Genesee 4&5

- Extensive power plant construction expertise and knowledge
- In-house pre-construction/estimating and engineering expertise
- Proven successful Alberta experience
- Established tools, standards, processes and systems for project management (cost, contract, schedule, risk, etc.)
- Applied learnings from Shepard and other projects
- Well developed JV structure with ENMAX

Contracted Growth Pipeline

Growth in North America

Bryan DeNeve, SVP Corporate Development & Commercial Services

British Columbia

Market opportunity

- Site C decision – potentially generates 5,100 GWh/year
- LNG growth - environmental regulations create incentive to use electricity from the grid for ancillary loads
- Forecast LNG demand of 3,000 GWh/year already met with the electrical requirements for Fortis BC Tilbury plant, LNG Shell Canada and Woodfibre LNG

Growth pipeline

- Klo wind site and a combined cycle site near Kamloops
- Opportunity to re-contract Island Generation facility at the end of its current PPA

Saskatchewan

- Need for 400 MW of new supply by 2019
- RFP expected in Q2/Q3 2015
- 1X1 combined cycle
  - Site, transmission and gas expected to be supplied by SaskPower
- Given recent construction experience, believe we will be competitive

Ontario

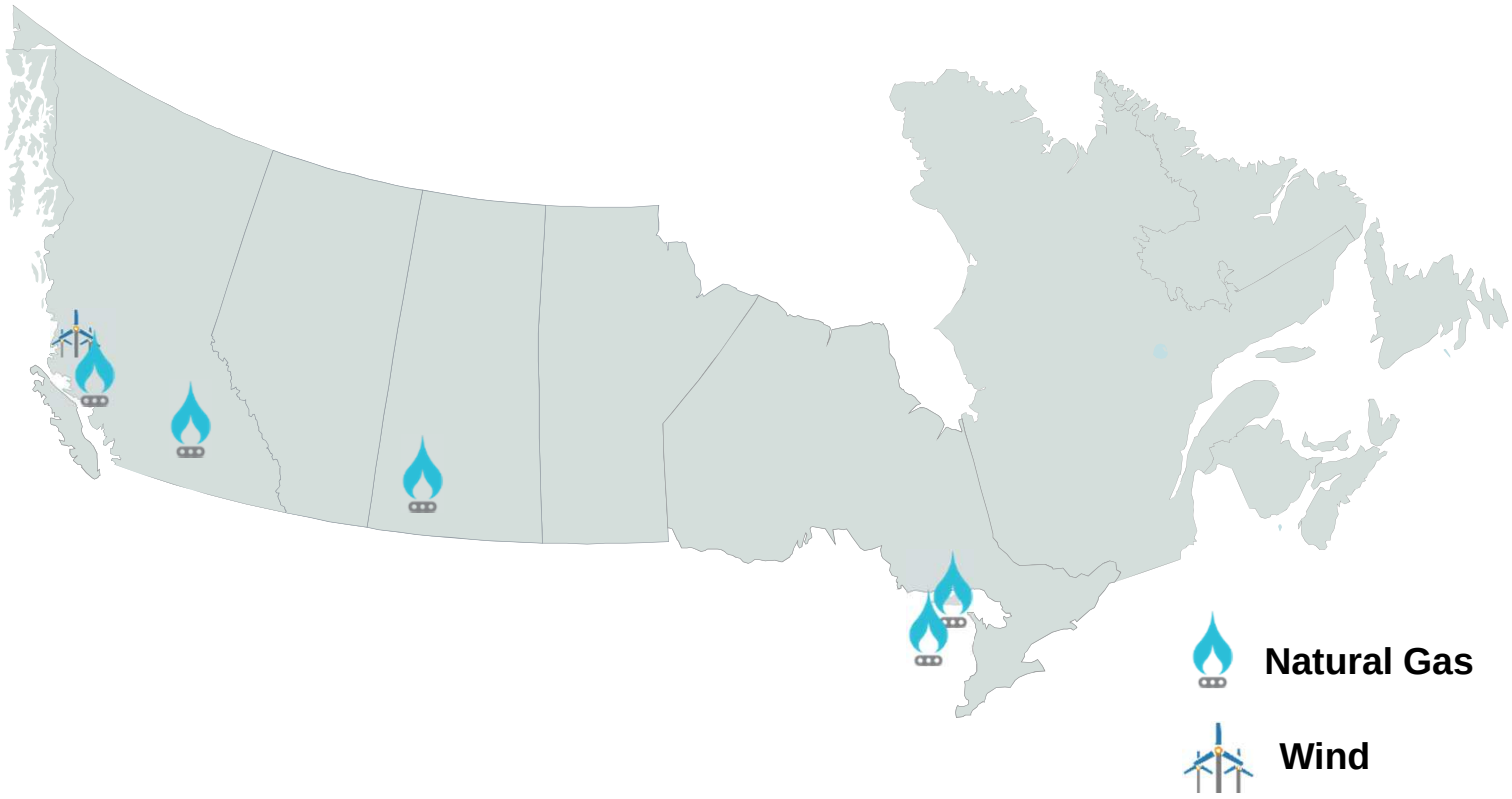
Market opportunity

- Potential need for gas-fired generation following proposed refurbishment of Darlington and Pickering retirement
- Opportunity to provide peaking capacity to balance continued additions of renewable resources
- Large Renewable Procurement (LRP) for wind and solar projects

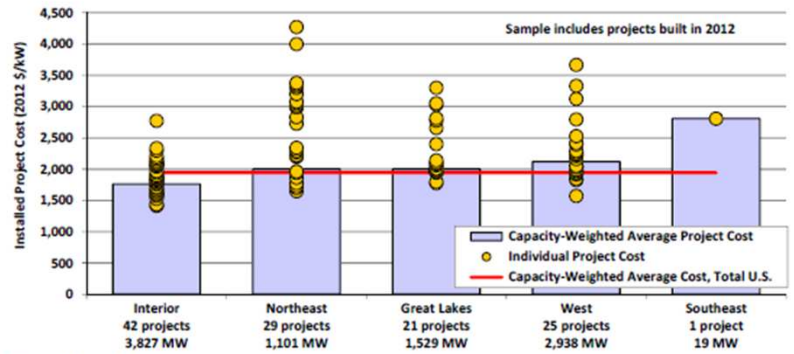
Growth pipeline

- Develop peaking site (400 MW)
- Develop combined cycle site (up to 1,200 MW)
- Qualified for LRP for wind and solar, seeking potential partnering opportunities

Summary of contracted development sites/ opportunities in Canada excluding Alberta

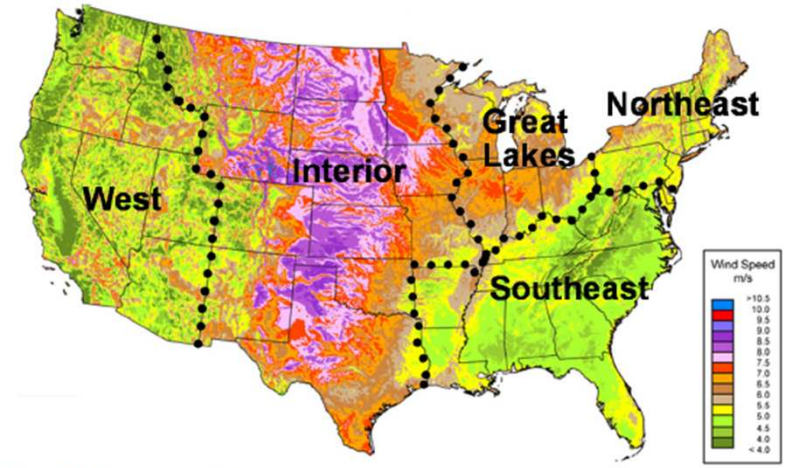


U.S. renewable strategy



Source: Berkeley Lab

Figure 23. Installed Wind Power Project Costs by Region: 2012 Projects



Source: AWS Truepower, National Renewable Energy Laboratory

Figure 24. Regional Boundaries Overlaid on a Map of Average Annual Wind Speed at 80 Meters

Target markets with low installed capital costs

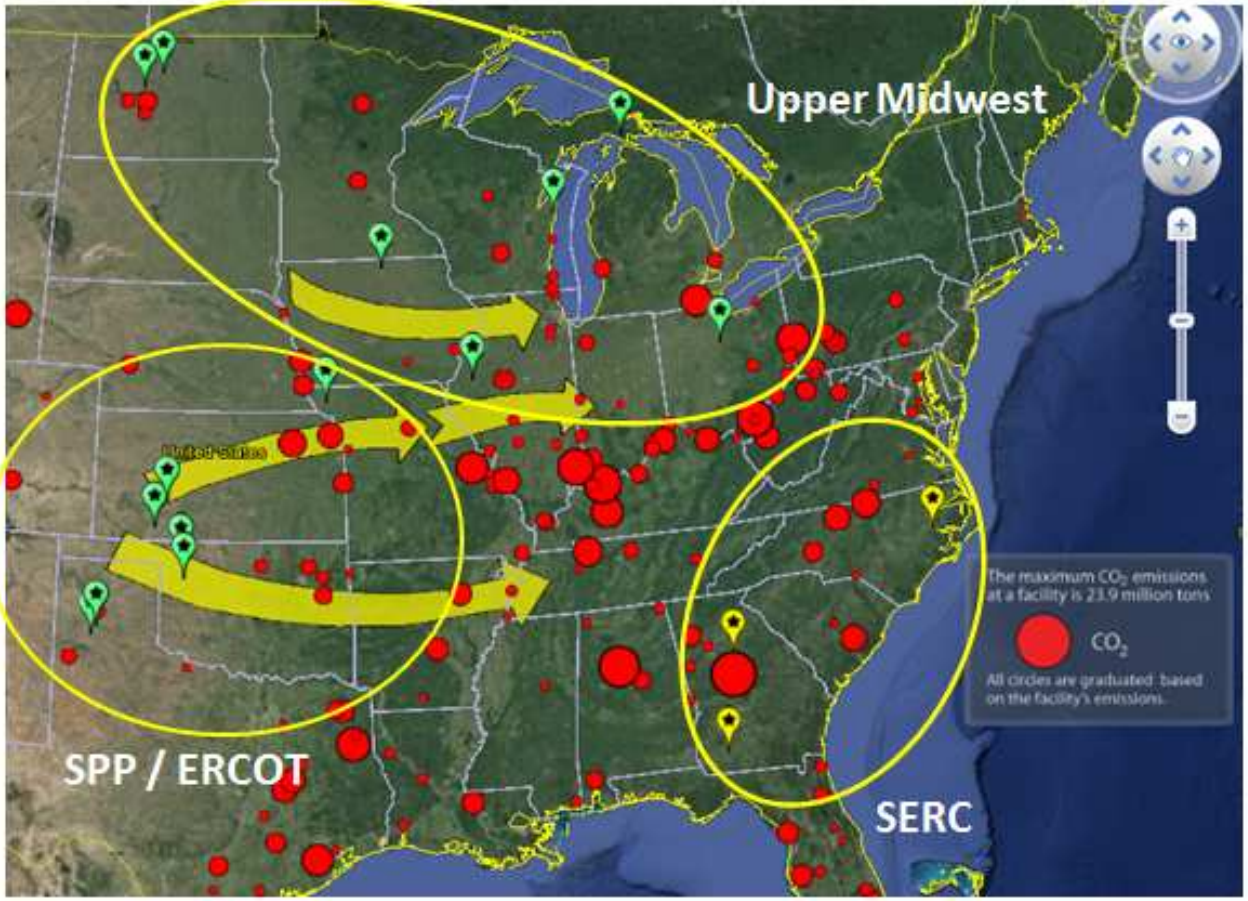
- SPP / ERCOT
- Upper Midwest

Target market with superior wind resources

- SPP / ERCOT
- Upper Midwest
- Great Lakes

Capital Power

U.S. renewable strategy (cont'd)



Target areas in proximity of states with high carbon intensity

- SPP / ERCOT
- Upper Midwest
- SERC

● Carbon Intensity

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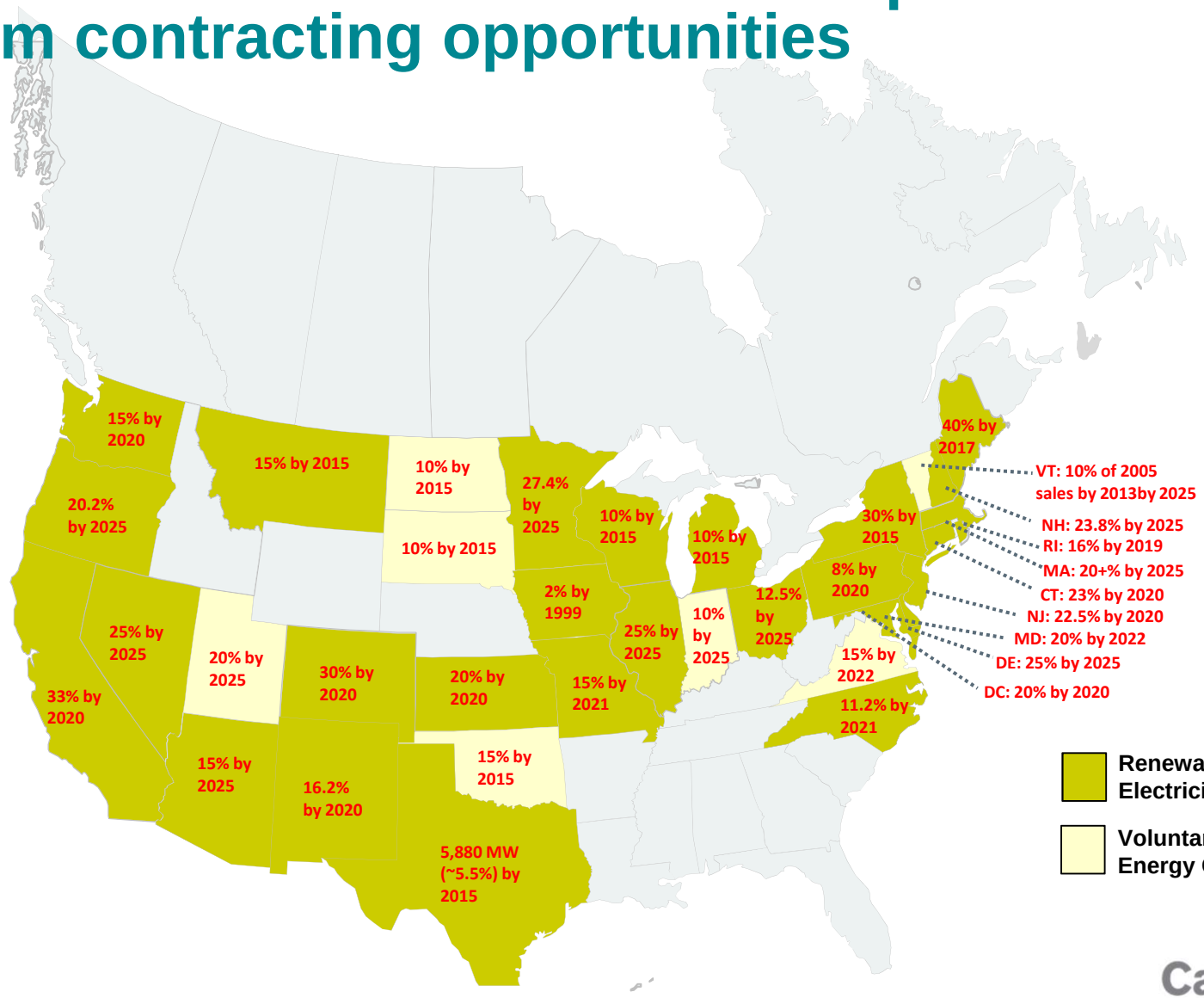
Renewable Portfolio Standards provide near term contracting opportunities



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Element Power US

- Signed agreement to acquire Element Power US for ~US$69M (includes US$52M of project financing)
- Primary driver for the acquisition was to build a portfolio of development projects in strategic locations in the U.S.
  - 10 wind development sites
  - 4 solar development sites, including North Carolina site with 15 MW solar contract with Duke Energy Progress, Inc.
- Includes 50 MW operating wind project in New Mexico
- Transaction closing is subject to FERC approval for the transfer of Macho Springs
- Expected to close by the end of 2014

Element Power US – strategic fit

Market	Strategy	Element Sites
SPP / ERCOT	• Strong wind regime • Adjacent to transmission build-out • Affordable land positions • Low construction cost	• 300 MW wind project in Missouri • 200 MW wind project in Kansas
Upper Midwest	• Coal dependency • Strong wind regime • Affordable land positions • Low construction cost	• 99 MW wind project in North Dakota • 100 MW wind project in North Dakota • 150 MW wind project in Illinois • 182 MW wind project in Ohio • 200 MW wind project in Iowa • 60 MW wind project in Michigan • 200 MW wind project in Wisconsin
SERC	• Coal dependency • Large land positions in agricultural areas	• 15 MW solar project in North Carolina • 2 x 29 MW solar projects in Georgia

Capital Power

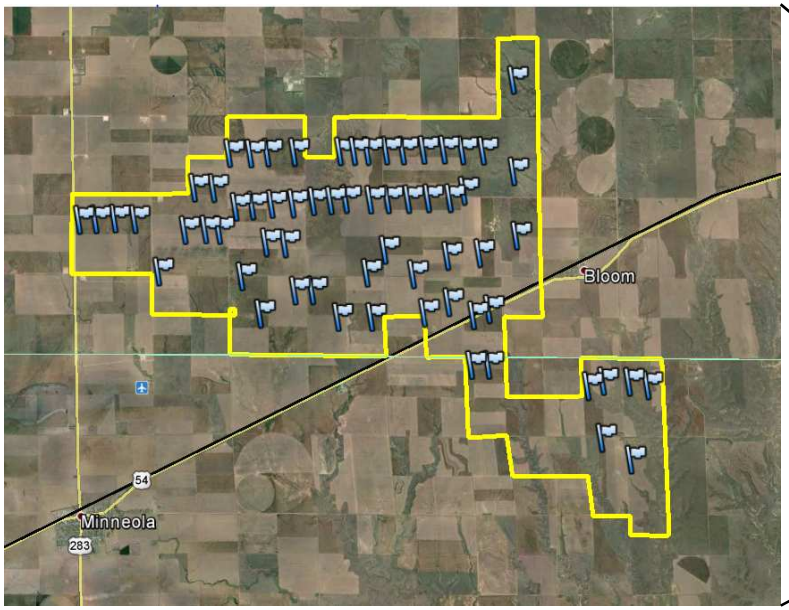
Macho Springs

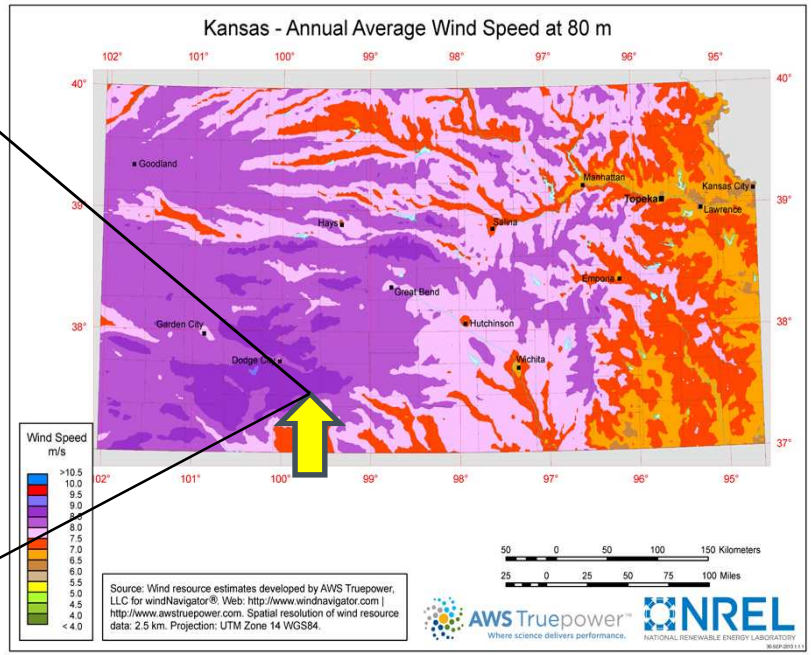
- 50 MW project in Luna County, NM
- 28 Vestas V-100 1.8 MW turbines
- COD in Nov 2011
- 100% contracted through 2031, PPA with Tucson Electric Power
- Tax Equity and Term Loan with MetLife

Capital Power

Bloom Wind

- 180 MW project in SW Kansas
- 11,500 acres; 9.0+ m/s wind speeds
- Adjacent to Clark County 345kV substation – IA pending
- Construction ready pending off-take agreement





Sun Valley Energy Center

- 300 MW solar PV project in Arizona targeting long term PPAs with California LSE in 2020-21
- CAISO has approved construction of the Delaney-Colorado River 500kV transmission line which increases export capability from the Palo Verde Hub and the Delaney Substation into California
- CAISO is currently soliciting proposals to construct the DCR Line, and it is expected to enter service in ~2019/2020

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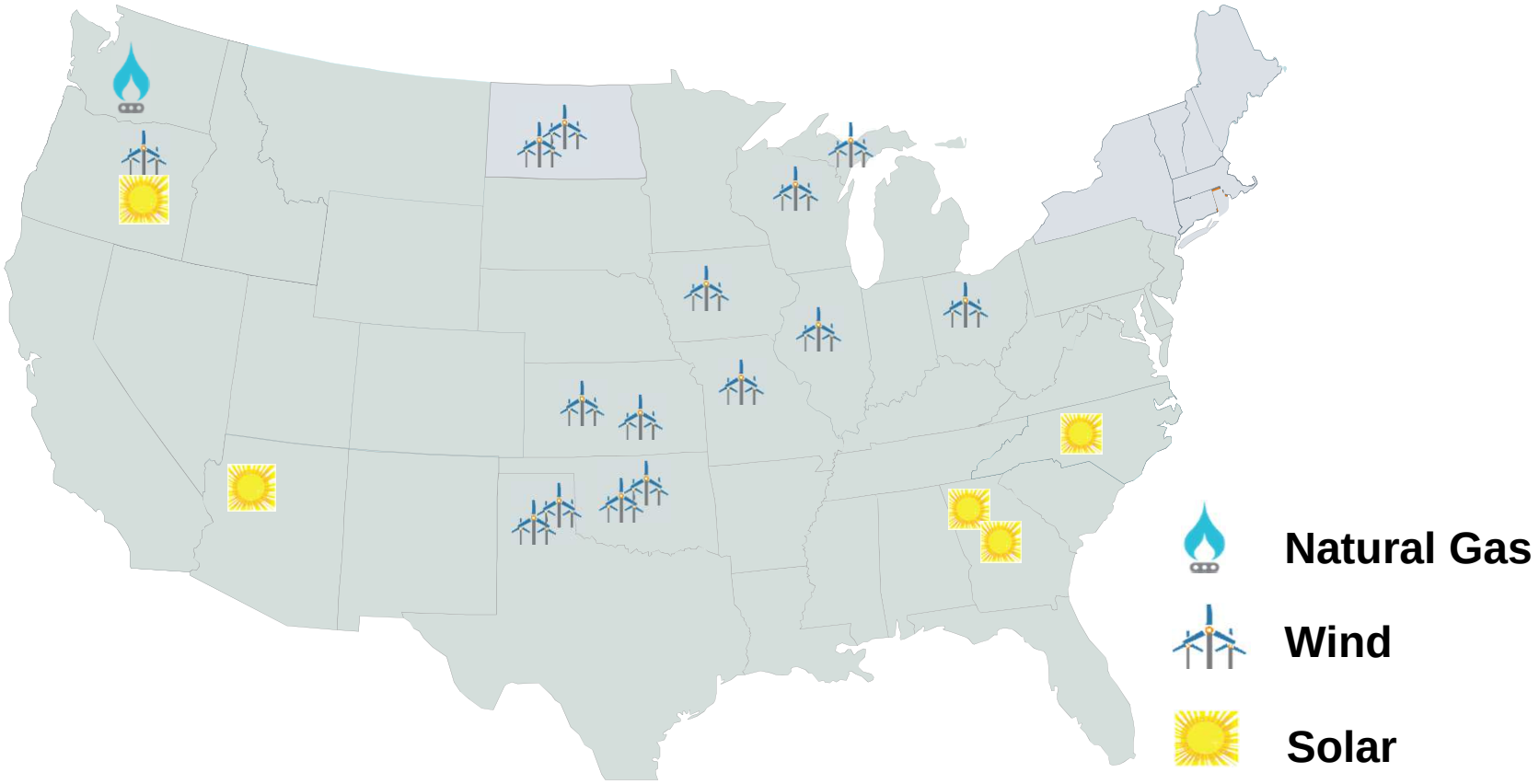
U.S. gas & renewable development sites



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Capital Power

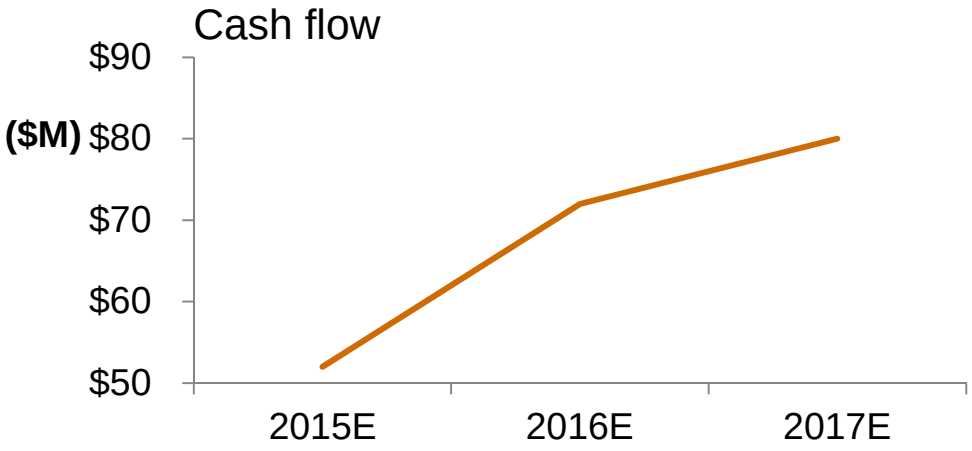
Growing Cash Flows
Growing Dividends

Finance Overview

Stuart Lee, SVP Finance & CFO

Additions to the fleet in 2015

Shepard Energy Center – modelling guidance



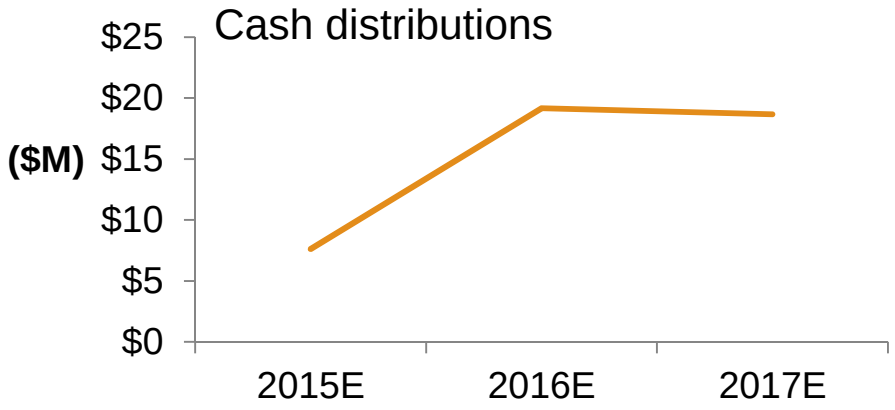
- COD expected in Q1/15
- 100% of generation capacity contracted in 2015; decreases to 75% in 2016 and 2017

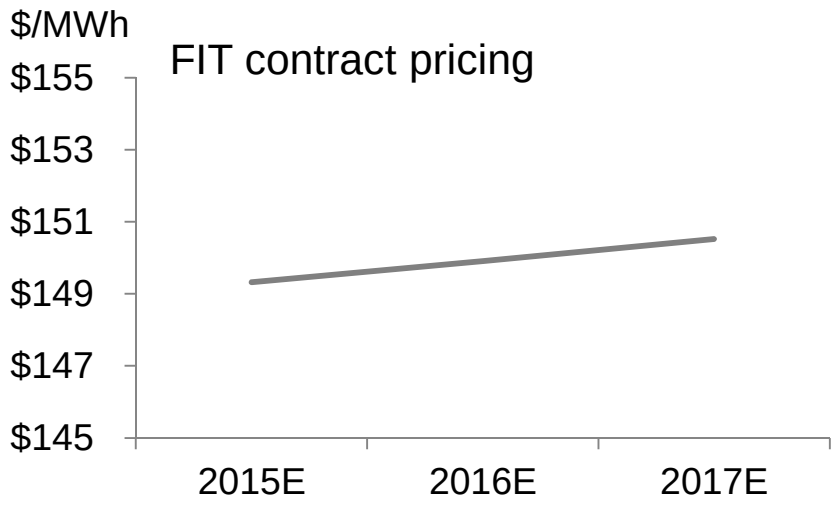
BEST 50 CORPORATE CITIZENS

Capital Power

Additions to the fleet in 2015

K2 Wind - modelling guidance

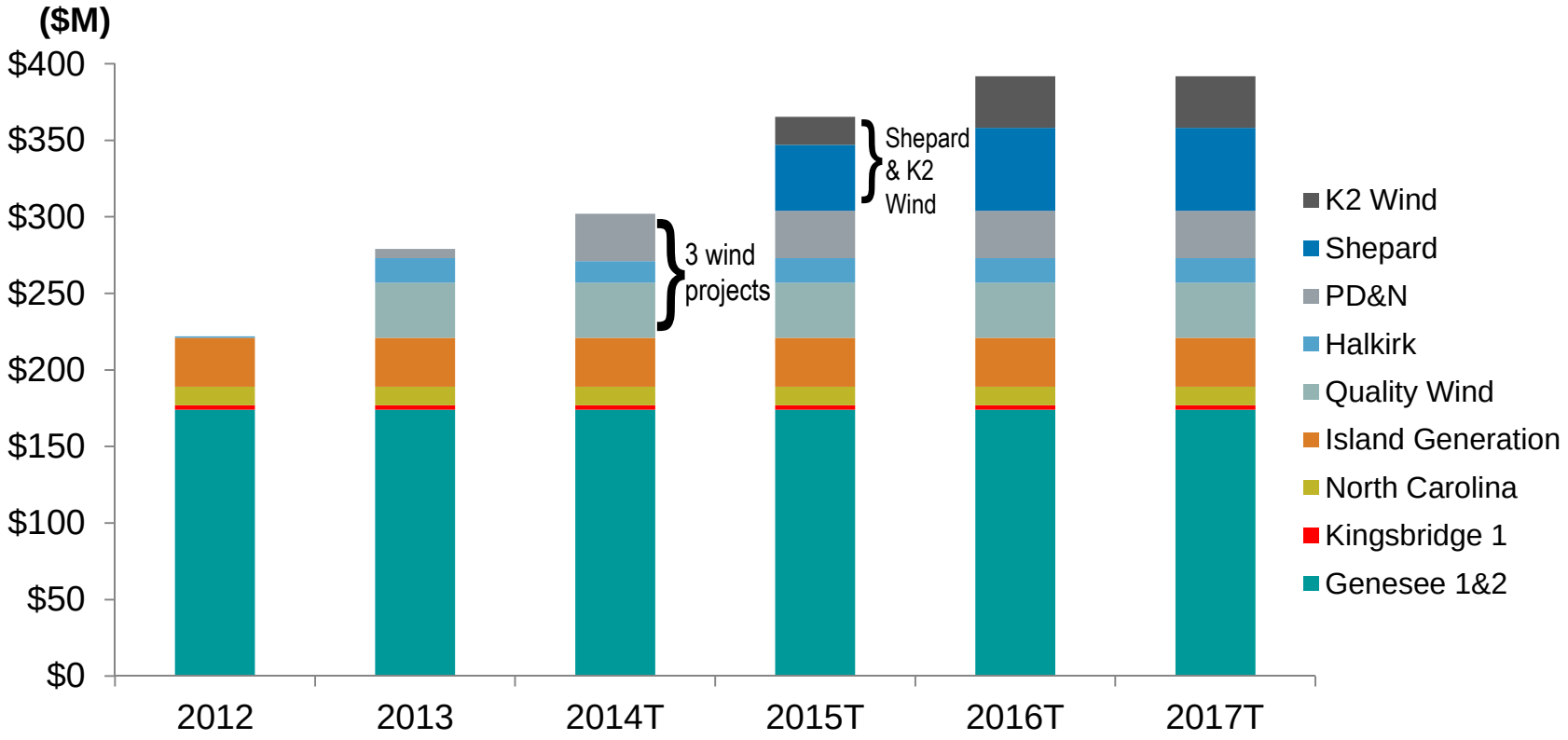




Assumptions

- COD expected in mid-2015
- 2015 power price at $149/MWh, escalating post COD based on Feed-in-tariff (FIT) contract
- Cash flow based on net capacity factor of 41%
- K2 Wind will be accounted for using the equity method. Capital Power's 1/3 share of the total expected capex for the project is $310M.

Improving contracted cash flow(1,2)



Substantial expansion of contracted operating margin from $225M to ~$390M from 2012 to 2016 (73% increase)

1) Margins have been averaged over the periods except in the year of commissioning.
2) Only includes contracted portions of Halkirk and Shepard plants.

Capital Power

Cash flow and financing outlook

Generating surplus FFO after dividends, development projects and sustaining CAPEX expenditures

Sources of cash flow ($M)	2015E
Funds from operations[1]	$390
Uses of cash flow	
Dividends (net of DRIP) & distributions to NCI	$(104)
Dividends (Preferred shares)	$(22)
Development projects (Shepard $15M, G4&5 $22M, K2 Wind $1M)	$(38)
Sustaining capex	$(64)
Net change in cash	**~$162**

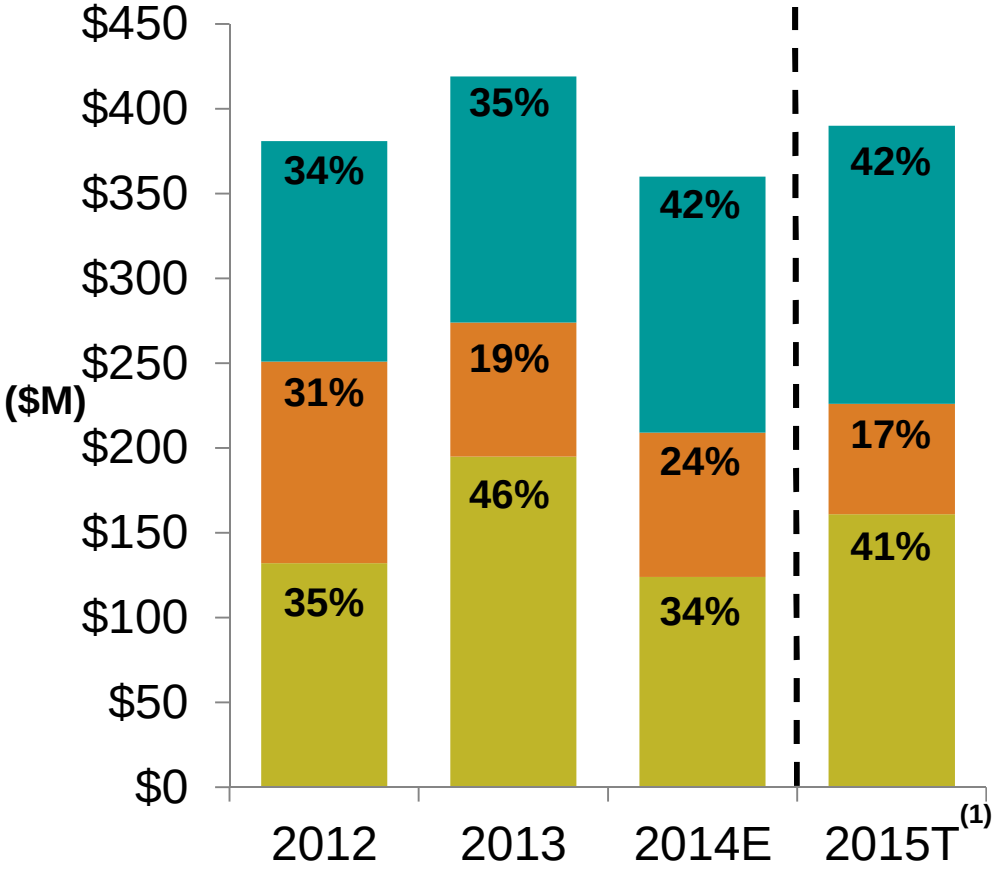
No primary common share equity required in 2015 other than via DRIP

1) Funds from operations in 2015 represents mid-point of guidance range.

Capital Power

Continued strong cash flow generation

Funds from operations (FFO)

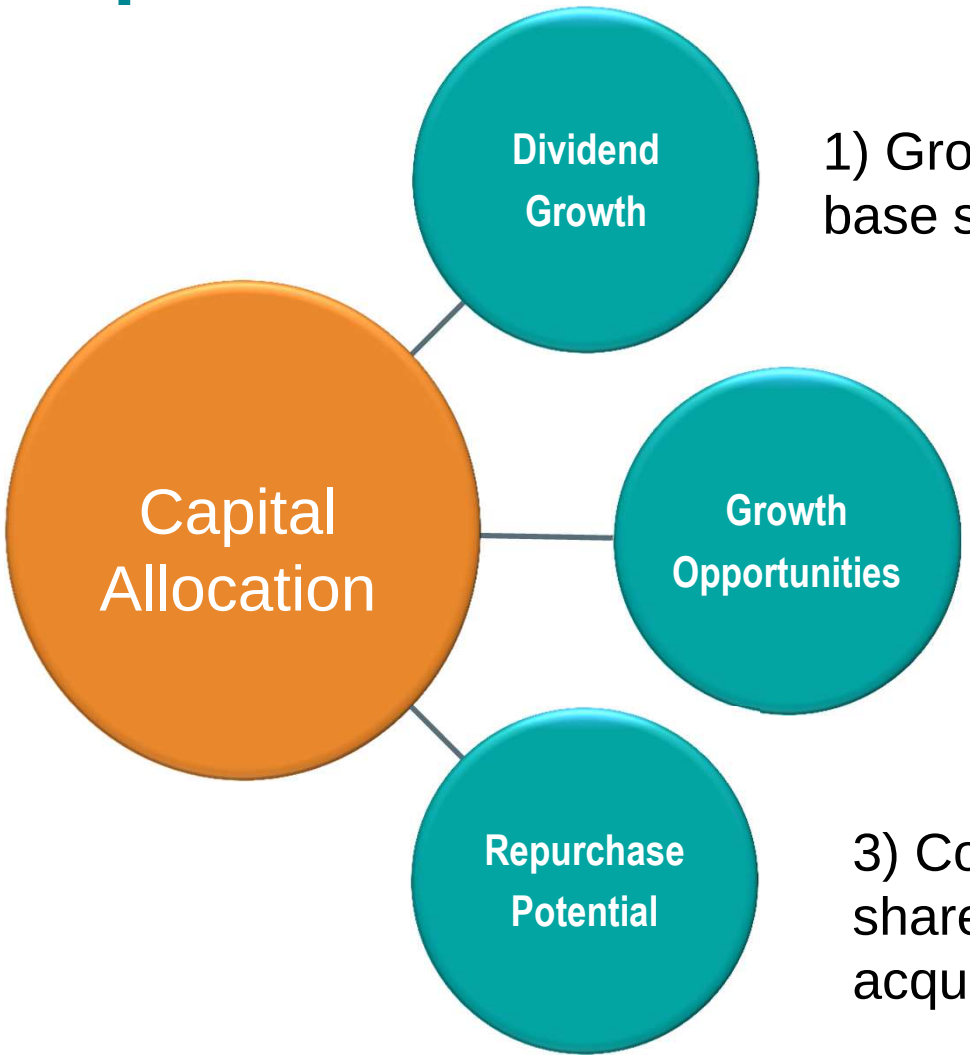


- Cash flow expected to increase ~8% in 2015
- Approximately 41% of FFO is discretionary in 2015
- Generating ~$200M free cash flow before growth capex to reinvest in the business at the bottom of the Alberta power market cycle

1) 2015 FFO target represents the mid-point of guidance range.
2) Discretionary cash flow (DCF) is a non-GAAP financial measure. DCF = FFO - sustaining capex - total common and preferred share dividends and CPLP distributions.

Capital Power

Capital allocation



1) Growing contracted cash flow base supports dividend growth

2) Well positioned to fund or partially fund any new significant growth opportunities in the near term with discretionary cash flow

3) Consider debt reduction or share buyback absent an acquisition or development project

Capital Power

U.S. and Canadian tax positions

U.S. tax position

- Approximately $220M of U.S. net operating losses (NOLs) available but not recognized for accounting purposes
- Expiry date for U.S. NOLs range from 2027 to 2034
- U.S. NOLs are available to shelter earnings from future U.S. tax projects

Canadian tax position

- Approximately $3.5B of tax pools expected to shelter Canadian earnings until 2018 with minimal cash taxes starting in 2018
- Structure minimizes cash taxes through use of renewable tax depreciation
- Tax efficient financing in place to minimize after-tax cost of capital

Capital Power

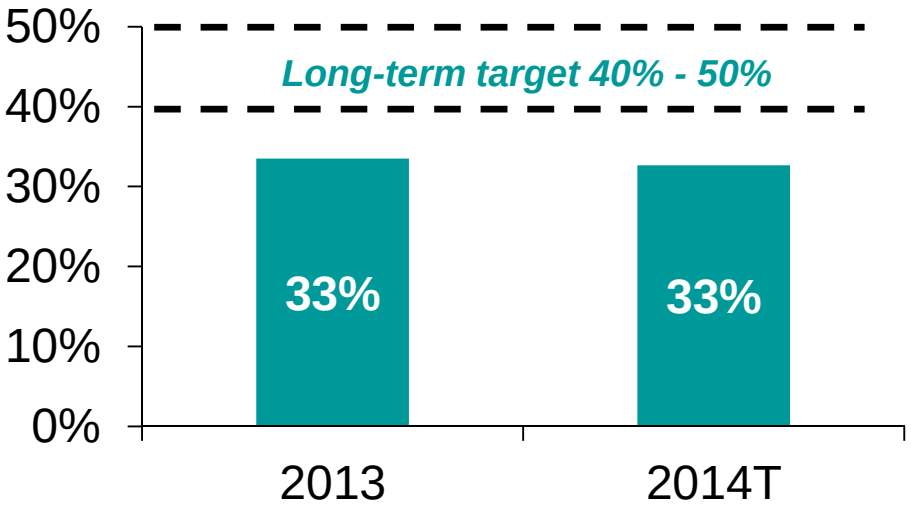
Financial strength

Strong balance sheet and investment grade credit rating

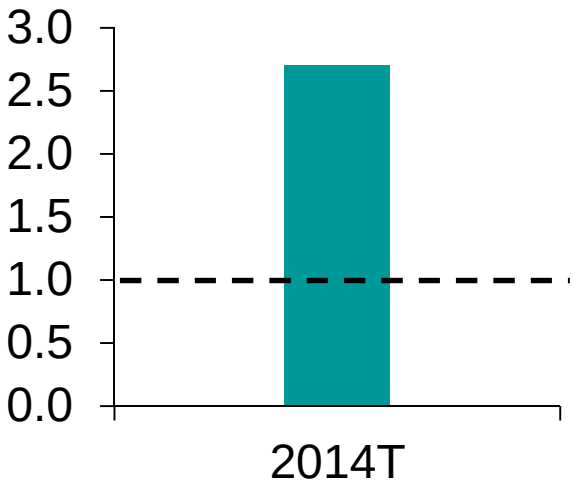
- Investment grade credit ratings
- Debt-to-capital ratio of ~33% expected at 2014 year-end remains below long-term target of 40% - 50%

Agency	Ratings	Outlook
S&P	BBB- / P-3	Stable
DBRS	BBB / Pfd-3 (low)	Stable

Debt to total capitalization



Corporate Liquidity(1)



1) December 31, 2014 forward-looking estimate.

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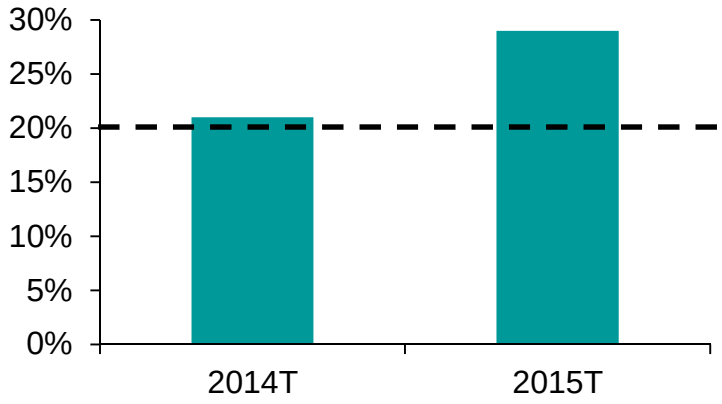
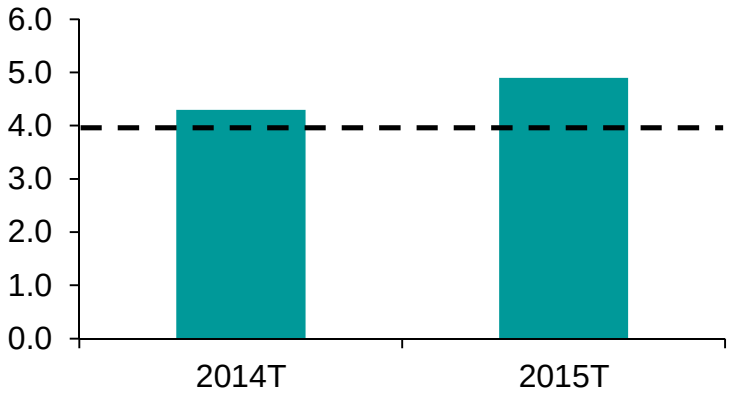
Credit metrics(1)

Above DBRS financial criteria for current rating

Adj. Cash flow/Adj. Debt

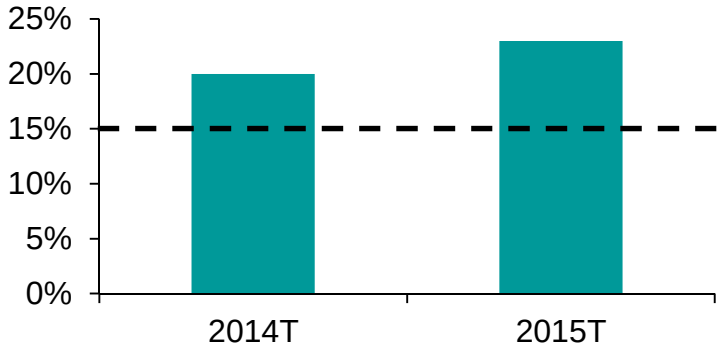


EBITDA/Adj. Interest

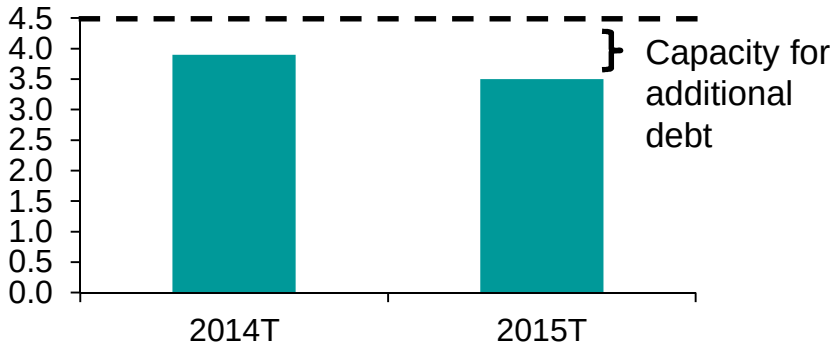


Within S&P financial criteria for investment grade rating

Adj. FFO/Adj. Debt(2)



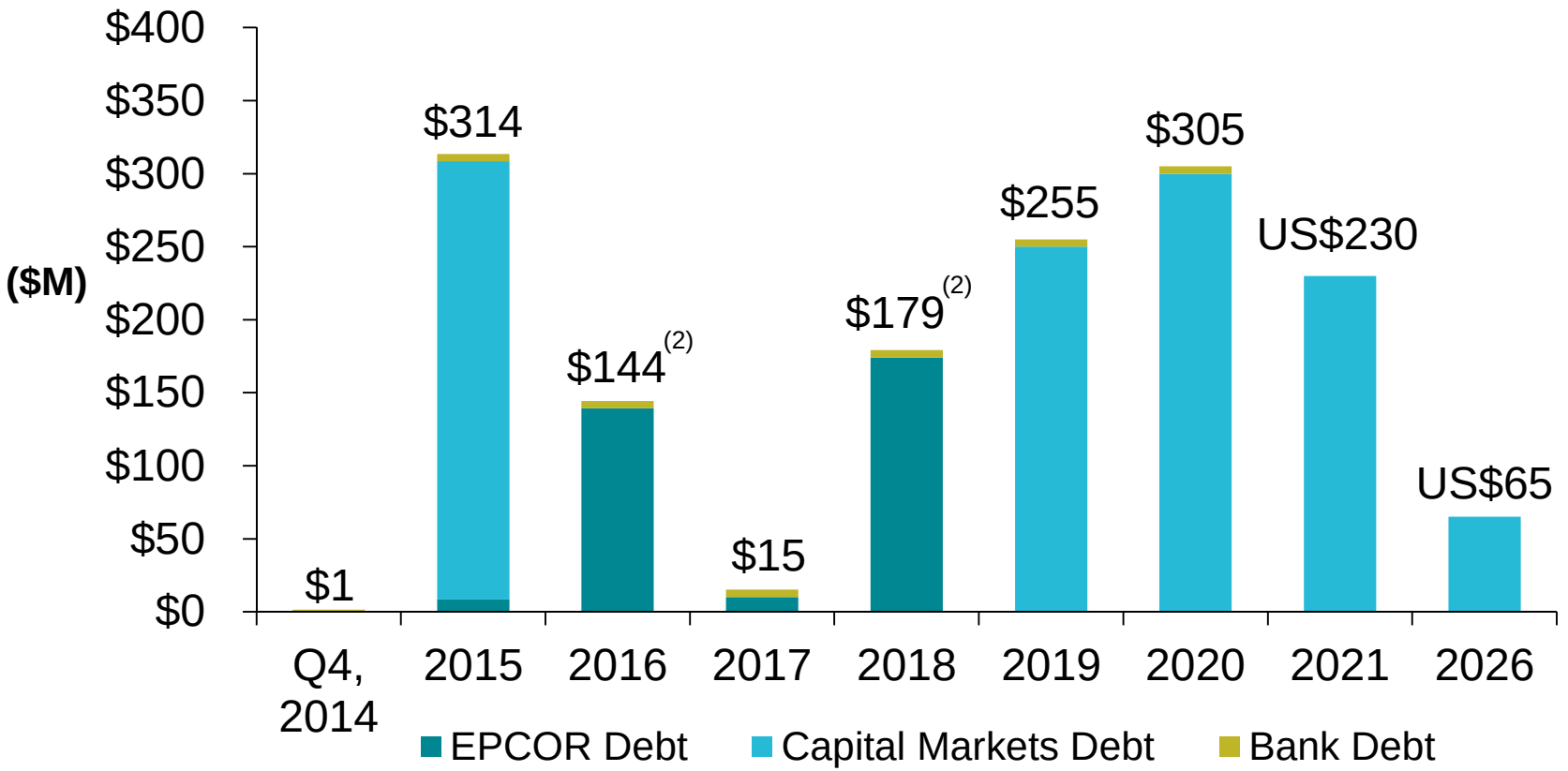
Adj. Debt/Adj. EBITDA(2)



1) Metrics applicable to Capital Power L.P.
2) Based on S&P's weighted average ratings methodology.

Debt maturity schedule(1)

- $1.2B in credit facilities with 4-year tenor maturing 2018, of which $1.1B available



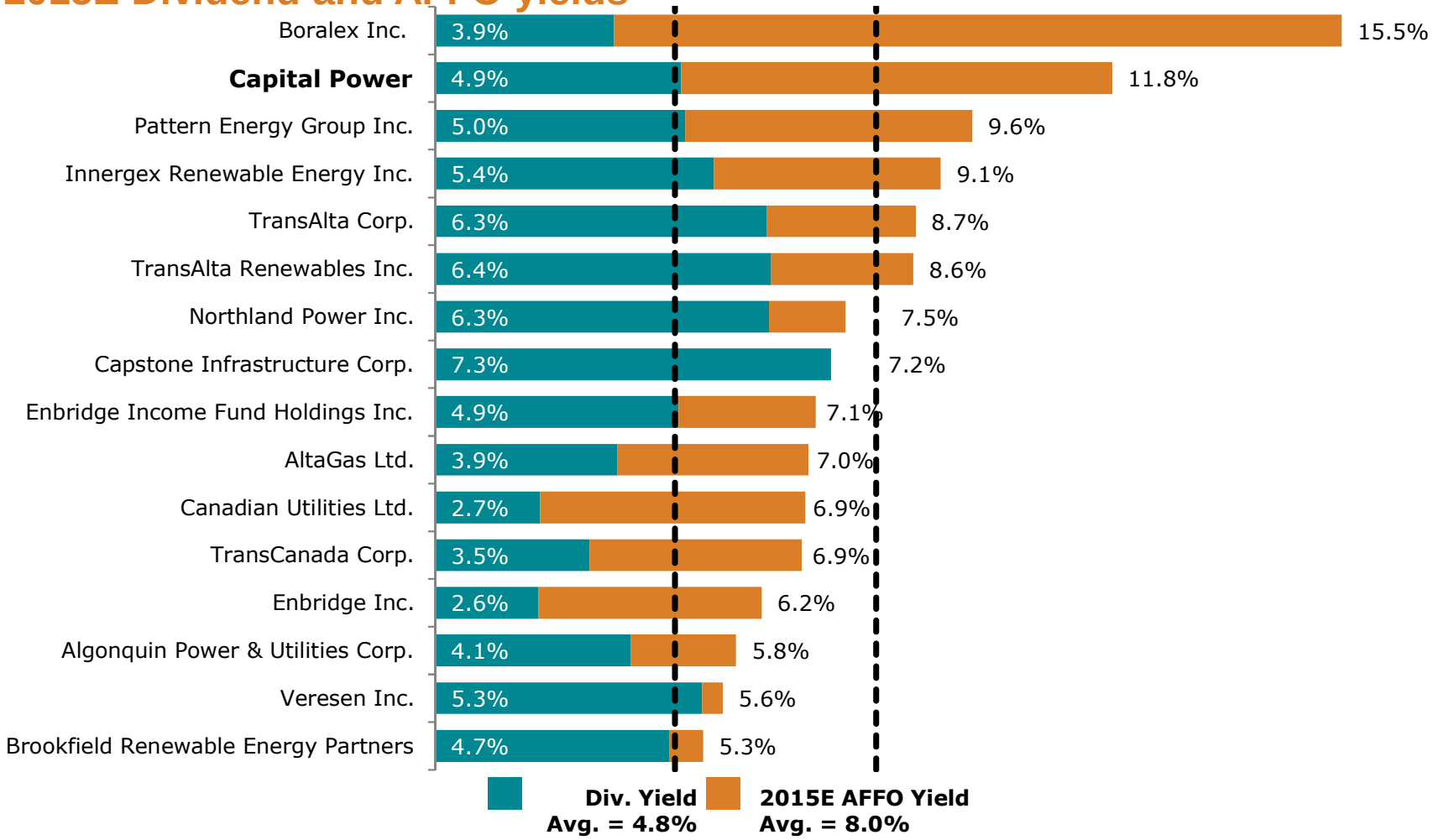
Well spread-out debt maturities are supported by long asset lives

1) As of Sept. 30, 2014.
2) Callable debt, however does not mature until 2016 ($130M) and 2018 ($163M).

Capital Power

Attractive yields relative to peers

2015E Dividend and AFFO yields(1)

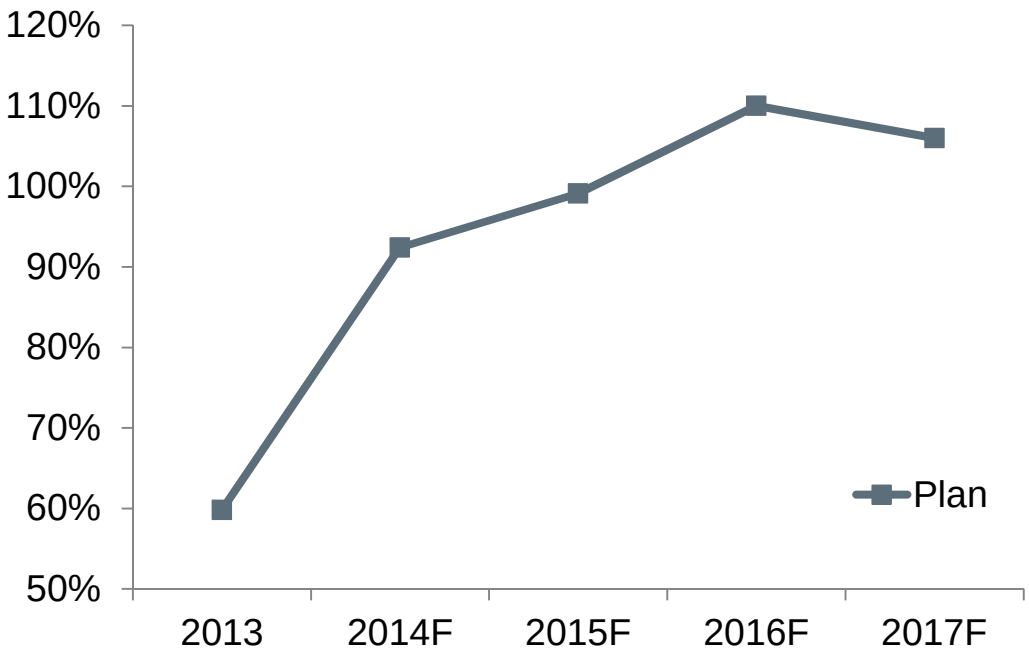


1) Source CIBC World Markets. Based on consensus analyst estimates as at Nov 25/14.

Capital Power

Dividends

Contracted operating margin to financial obligations[1] and dividends[2]



- With addition of Shepard and K2 Wind in 2015, forecasting substantial expansion in our contracted operating margin
- Dividend increased 7.9% in 2014 that was supported by growing contracted cash flows

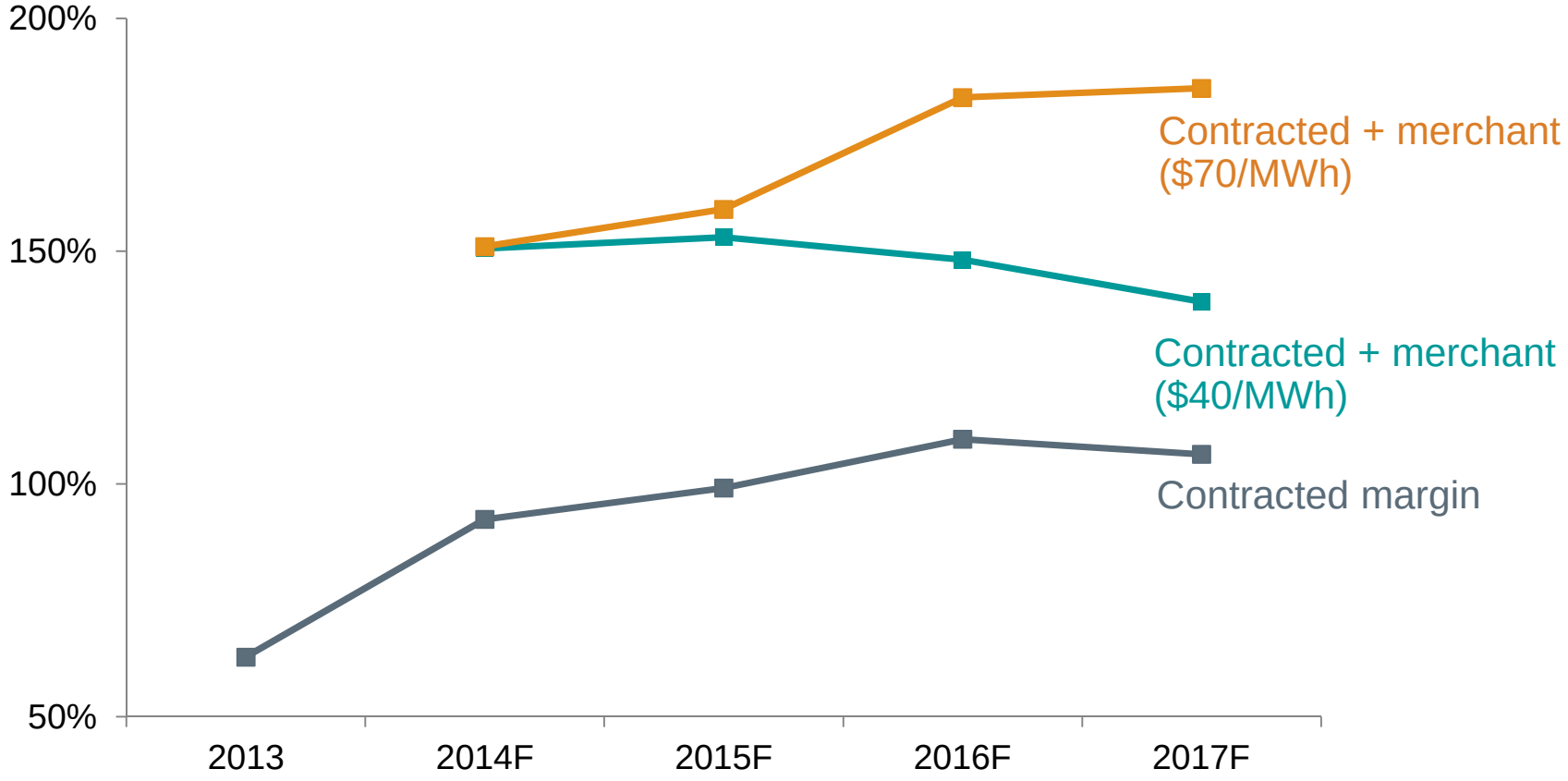
Well positioned for consistent dividend growth

1) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining capital expenditure and general & administration expenses.
2) Assumes consistent dividend growth in 2015-2017.

Capital Power

Merchant position in AB provides upside

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



1) Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedge position as at November 30, 2014 (except for 2014)
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining capital expenditures and general & administration expenses.
3) Dividends include common dividends, preferred dividends and CPLP distributions.

Capital Power

Consistent dividend growth is core to Capital Power's story

- One of the lowest payout ratios of Canadian IPPs
- Generating $200M in free cash flow before growth capex at the bottom of the cycle
- Significant expansion of contracted cash flow to cover financial obligations and dividends
- 2014 decision on dividend increase was based on an ability to deliver consistent dividend growth annually
- Nothing has fundamentally changed in our business, we are well-positioned to deliver a dividend increase in 2015 consistent with the amount of the increase in 2014
- As always, subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time

2015 Corporate Priorities

Corporate priorities

Brian Vaasjo, President & CEO

2015 Corporate priorities

Priority: Deliver strong operational performance from a young, well-maintained generation fleet

Operational targets

94%	Capacity-weighted plant availability (reflects planned turnarounds at Genesee 1 & Keephills 3)
$65M	Maintenance capital (plant maintenance capital and sustaining capital expenditures)
$180M to $200M	Plant operating and maintenance expenses

2015 Corporate priorities

Priority: Enhance value for shareholders by delivering accretive growth from new developments

Development and construction targets

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

- K2 Wind project (complete construction for COD in mid-2015)
- Genesee 4&5 (transition from development to construction)

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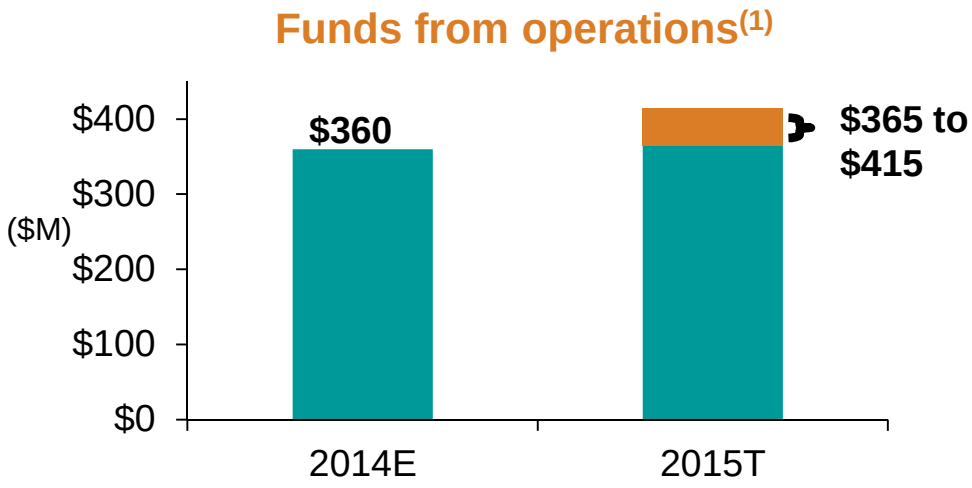
2015 Corporate priorities

Funds from operations of $365M to $415M

Financial target



2014-15 year-over-year changes

- Commence COD for:
  - Shepard Energy Centre in Q1/15
  - K2 Wind in mid-2015

1) Funds from operations is a non-GAAP financial measure, see page 92.

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Capital Power

Why invest in Capital Power

- Continue to improve operating cost base, fleet availability and risks
- Best fleet in the best power market in North America
- Genesee 4&5 is best positioned to be the next largest natural gas-fired generation project to be built in the province
- Substantial growth in contracted cash flow to support dividend growth
- Well positioned for disciplined longer term growth with a pipeline of contracted growth opportunities


Q&A
Capital
Power

Non-GAAP financial measures

Capital Power uses (i) earnings before finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, and gains on disposals (adjusted EBITDA), (ii) funds from operations (FFO), (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 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 October 24, 2014 for the quarter ended September 30, 2014, which is available under the Company's profile at SEDAR.com and on the Company's website at capitalpower.com.

Forward-looking information

Certain information in this Investor Day presentation is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial and operating performance, events or strategies. The forward-looking information or statements 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 includes, among other things, information relating to: (i) expectations regarding the Genesee 4 & 5 project moving from the development phase to construction phase and the timing and provisions thereof; (ii) expectations regarding the timing of, funding of, permitting of, costs for, capacity of and technology selected for existing and planned development projects, completed development projects, and acquisitions; (iii) expectations regarding plant availability and planned outages; (iv) expectations regarding future Alberta power prices; (v) expectations regarding Capital Power's sources of funding and the financing of existing and planned development projects; and (vi) expectations regarding future plant maintenance capital and sustaining capital expenditures, operating and maintenance expenses and funds from operations.

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 in the Management's Discussion and Analysis (MD&A) for the third quarter, 2014.

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, 2013 annual MD&A for further discussion of these and other risks.

Investor Relations Contact

Randy Mah
Senior Manager
(780) 392-5305
rmah@capitalpower.com

Head Office
10th Floor
10423 – 101 Street NW
Edmonton, AB T5H 0E9
www.capitalpower.com