Capital Power Income L.P.

Q2, 2010 Review
Analyst Conference Call
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Cautionary statement regarding forward-looking information

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Certain information in this presentation and in oral answers 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 pages 11-12 of this presentation and on pages 19-20 of the Partnership's second quarter 2010 Management's Discussion and Analysis (MD&A) dated July 27, 2010 that has been filed on SEDAR (www.sedar.com).

Corporate updates

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- Q2/10 financial and operating results in-line with expectations, but generally weaker than Q2/09 results due to lower water flows at Curtis Palmer, lower waste heat availability in Ontario, a scheduled outage at Oxnard and lower F/X contract settlement prices
  - Operating cash flow down 21%
  - Operating margin (before fair value changes) down 16%
  - Payout ratio of 100% versus 78% in Q2/09
  - Generation of 1,128 GWh, up 9.5%
  - Weighted average plant availability of 90% unchanged from Q2/09
- Resolution of Equistar bankruptcy proceedings
  - Equistar emerged from Chapter 11 proceedings with no impact to the operations of the Morris facility
  - Received US$12.4M for pre-petition services including interest of $1.8M
- Completed replacement of the GE LM5000 natural gas turbine with a more efficient and reliable GE LM6000 at Oxnard
  - Final capital costs for the project of approximately US$19.7 million, lower than the original estimate of approximately US$20 million
  - Project completed on May 21, in time for summer peak demand season

Review of 2010 corporate priorities

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Priority	Status
Execute LM5000 turbine replacement with LM6000 at Oxnard ▪ Project completed in May slightly below budget and back on-line in time for peak summer demand season	✓
Finalize negotiations for Roxboro and Southport PPAs ▪ Resolution (arbitration decision or successful negotiation with Progress Energy) expected in late Q3/10	On track
Complete construction of enhancements to Southport facility ▪ Southport (2nd unit) completed Apr/10 ▪ Expect to complete material handling improvements by Q3/10	Delayed one quarter to Q3/10
Renegotiate Nipigon PPA renewal (2012 expiry) ▪ Ontario Power Authority (OPA) currently developing Non-Utility Generation (NUG) renewal strategy ▪ Expect OPA to discuss strategy with Ministry of Energy before directive being issued ▪ Earliest expected date for the directive is late Q3	Potential delay to 2011

Review of 2010 corporate priorities (cont'd)

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Priority	Status
Negotiate with the U.S. Navy impacts from SRAC in California ▪ Ongoing discussions with U.S. Navy to address SRAC impact on steam pricing component on the PPAs for Naval facilities	On-going
Optimize waste heat margins for Ontario facilities ▪ Waste heat availability continues to be challenged as a result of low throughput on TransCanada's Canadian Mainline ▪ With very low throughput levels in Q2/10, almost no compression required to move natural gas resulting in no waste heat ▪ Expect throughput to remain at relatively low levels over the next 2 - 3 years with potential recovery thereafter	Ongoing
Execute a development or acquisition opportunity ▪ Evaluating strong pipeline of opportunities	Ongoing

Financial highlights[1] – Q2, 2010

($M except per unit amounts)	Q2/10	Q2/09	Change
Revenues[2]	**116.5**	131.3	↓ 11%
Operating margin[3]	**44.3**	52.5	↓ 16%
Cash provided by operating activities of continued ops. (before working capital changes)	**30.3**	38.3	↓ 21%
Per unit[4] ($)	**$0.55**	$0.71	↓ 23%
Distributions	**24.2**	23.7	↑ 2.1%
Per unit ($)	**$0.44**	$0.44	-
Payout ratio[4]	**100%**	78%	-
Total capital expenditures	**13.8**	25.9	↓ 47%
Maintenance capex	**6.0**	8.0	↓ 25%

(1) Restated to reflect operations of Castleton as discontinued operations.
(2) Before fair value changes on foreign exchange contracts.
(3) Before fair value changes on foreign exchange and natural gas contracts. See "Non-GAAP measures" on slide 13
(4) See "Non-GAAP measures" on slide 13

Financial highlights[1] – June YTD, 2010

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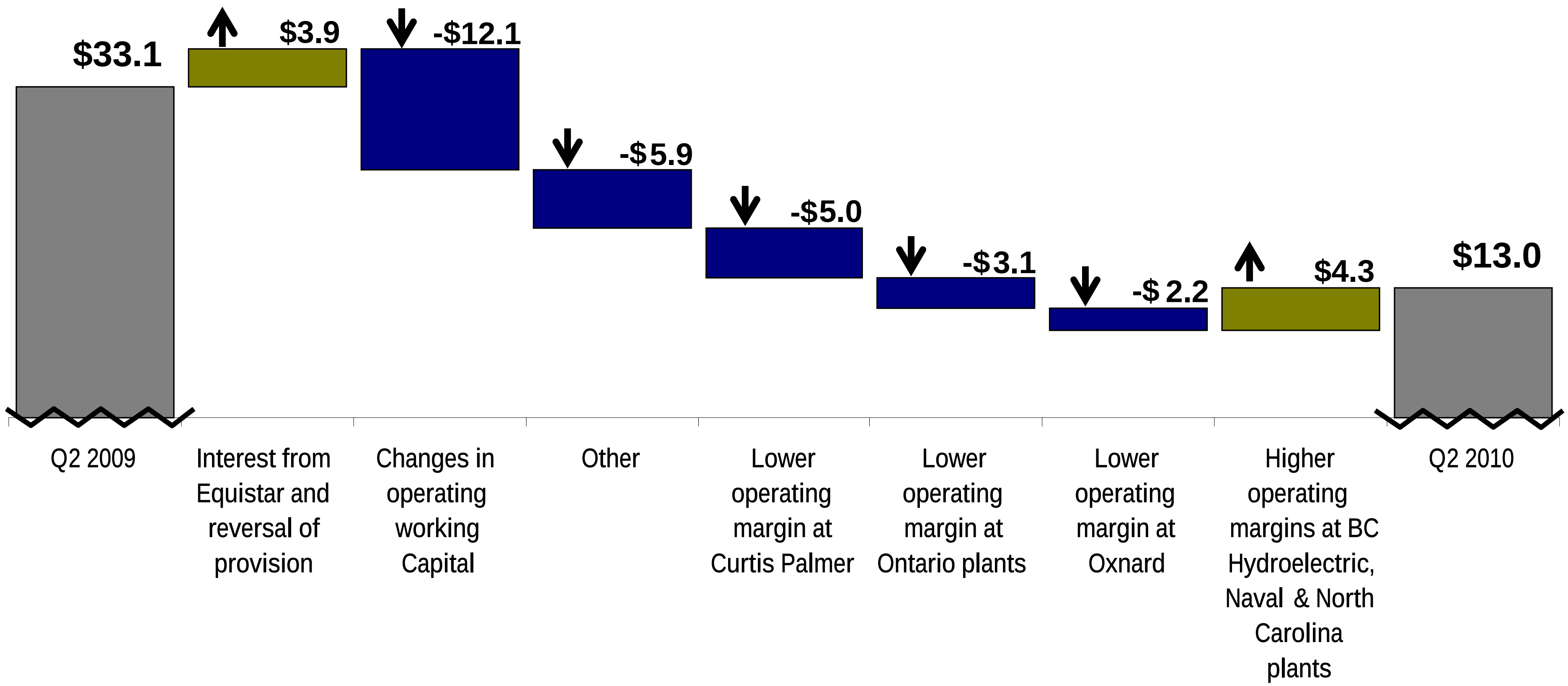
($M except per unit amounts)	**YTD 2010**	YTD 2009	Change
Revenues[2]	**255.3**	275.1	↓ 7.2%
Operating margin[3]	**98.4**	102.0	↓ 3.5%
Cash provided by operating activities of continued ops. (before working capital changes)	**67.2**	70.2	↓ 4.3%
Per unit[4] ($)	**$1.23**	$1.30	↓ 5.4%
Distributions	**48.1**	57.7	↓ 17%
Per unit ($)	**$0.88**	$1.07	↓ 18%
Payout ratio[4]	**80%**	99%	-
Total capital expenditures	**25.5**	42.9	↓ 41%
Maintenance capex	**7.4**	12.1	↓ 39%

(1) Restated to reflect operations of Castleton as discontinued operations.
(2) Before fair value changes on foreign exchange contracts.
(3) Before fair value changes on foreign exchange and natural gas contracts. See "Non-GAAP measures" on slide 13
(4) See "Non-GAAP measures" on slide 13

Q2, 2010 Continuity ($M)

Cash provided by operating activities of continued operations



Excluding interest from Equistar/reversal of provision and working capital changes, operating cash flow down $11.9M mainly due to lower margins at Curtis Palmer and Ontario plants

2010 Financial outlook

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- 2010 outlook for cash provided by operating activities (before working capital changes) unchanged from previous guidance
- Remain optimistic that either a NCUC arbitration ruling or further negotiations with Progress will result in new PPAs for Roxboro and Southport facilities
- Pressure on operating margins
  - Ontario plants - lower waste heat margins and higher fuel transportation costs partially offset by power price escalations
  - Williams Lake facility - lower excess energy prices
- Higher financing costs with issuance of preferred shares in Nov/09
- Almost all expected US dollar net cash flows in 2010 hedged stabilizing cash flows
- Annual maintenance capex of $22 to $24 million

Current distributions expected to be sustainable until at least 2014

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Questions?

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Forward-looking statement

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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$11 million in the remaining six months of 2010, (ii) planned capital upgrades at Oxnard of US$2.5 million during the remaining six months of 2010, (iii) expectations regarding the Partnership's cash provided by operating activities in 2010 and expectations regarding working capital requirements and distributions relative to net income, (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 and the financial results of the Partnership, (vii) expectations on the throughput on the TransCanada Canadian Mainline and related expectations regarding lower waste heat availability at the Ontario facilities, (viii) expectations regarding the Partnership’s strategic plan including in respect of expansions, enhancements and acquisitions (ix) expectations with respect to taxation of the Partnership, (x) expectations with respect to maintaining current distribution levels until the end of 2014, (xi) expectations for capacity revenues at the Morris facility; (xii) expectations of the impact of changes in foreign exchange rates in 2010; and (xiii) 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) the ability of the

Forward-looking statement (cont'd)

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Partnership to adequately source alternative sources of supply of wood waste, and (xvi) 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, (vii) 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.

Non-GAAP measures

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The Partnership uses operating margin as a performance measure, cash provided by operating activities of continuing operations per unit as a cash flow measure and payout ratio as a distribution sustainability measure. These terms are not defined financial measures according to Canadian generally accepted accounting principles (GAAP) and do not have standardized meanings prescribed by GAAP. Therefore, these measures may not be comparable to similar measures presented by other enterprises.

The Partnership uses operating margin to measure the financial performance of plants and groups of plants. A reconciliation from operating margin to net income before tax and preferred share dividends is as follows:

	Three months ended June 30		Six months ended June 30	
(millions of dollars) (unaudited)	**2010**	2009	**2010**	2009
Operating margin	**26.5**	87.7	**77.4**	86.9
Deduct:				
Depreciation, amortization and accretion	**26.3**	23.3	**49.8**	47.1
Financial charges and other, net	**8.0**	11.2	**19.0**	24.3
Management and administration	**1.6**	2.9	**5.6**	7.2
Net income (loss) from continuing operations before tax and preferred share dividends	**(9.4)**	50.3	**3.0**	8.3

Cash provided by operating activities of continuing operations per unit is cash provided by operating activities of continuing operations divided by the weighted average number of units outstanding in the period.

Payout ratio is defined as distributions divided by cash provided by operating activities of continuing operations excluding working capital changes less maintenance capital expenditures. Working capital changes have been excluded from this measure as short-term changes in working capital are expected to be largely reversed in future periods or represent reversals from prior periods. Non-maintenance capital spending has been excluded from this measure as capital expenditures related to an expansion of the productive capacity of the business represent a long-term investment beyond the maintenance capital requirements of the existing business.

The composition of the operating margin, cash provided by operating activities of continuing operations per unit and payout ratio used in the interim MD&A is consistent with December 31, 2009 reporting.