

**Capital Power
Income L.P.**



**Q1, 2010 Review
Analyst Conference Call
April 28, 2010**

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Cautionary statement regarding forward-looking information

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 10-11 of this presentation and on page 16 of the Partnership's first quarter 2010 Management's Discussion and Analysis (MD&A) dated April 27, 2010 that has been filed on SEDAR (www.sedar.com).

- Q1/10 financial and operating results in-line with expectations and generally stronger than Q1/09 results
 - Operating cash flow up 16%
 - Operating margin (before fair value changes) up 9.3%
 - Payout ratio of 67% versus 122% in Q1/09
 - Generation of 1,268 GWh, down 2.4%
 - Weighted average plant availability of 95% versus 94% in Q1/09

- Equistar LLC (Equistar) reorganization plan under Chapter 11 of the US Bankruptcy Code approved in Apr/10
 - Equistar will continue the energy services agreement (ESA) for Morris facility
 - Partnership expects the Morris facility will receive US\$12 million payment in Q2/10 for pre-petition services to Equistar

- PPA arbitration for North Carolina facilities
 - Decision expected in late Q3/10 compared to earlier guidance (late Q2/early Q3)
 - Remain optimistic that either a NCUC arbitration ruling or further negotiations with Progress will result in new PPAs for the Roxboro and Southport facilities

Review of 2010 corporate priorities

Priority	Status
Finalize negotiations for Roxboro and Southport PPAs <ul style="list-style-type: none">▪ Arbitration decision now expected in late Q3/10	On track
Complete construction of enhancements to Southport facility <ul style="list-style-type: none">▪ Southport (2nd unit) completed Apr/10▪ Expect to complete material handling improvements by end of Q2/10	On track
Renegotiate Nipigon PPA (2012 expiry) <ul style="list-style-type: none">▪ Ontario Power Authority (OPA) waiting for Ministry of Energy directive to start PPA renewal discussions with Non-Utility Generation (NUGs)▪ Expect directive to be issued this summer▪ With OPA's workload on Feed-in-Tariff program, expect PPA renewal to be delayed to 2011	Potential delay to 2011
Negotiate with the U.S. Navy impacts from SRAC in California <ul style="list-style-type: none">▪ Monthly meetings scheduled with U.S. Navy to address SRAC impact on steam pricing component on the PPAs for Naval facilities	On-going

Review of 2010 corporate priorities (cont'd)

Priority	Status
<p data-bbox="237 415 1541 521">Execute LM5000 turbine replacement with LM6000 at Oxnard facility</p> <ul data-bbox="237 542 1482 651" style="list-style-type: none"> <li data-bbox="237 542 1482 591">■ Project schedule on track with total expected cost of ~\$20M <li data-bbox="237 607 1289 651">■ Oxnard facility expected to be back on-line in May 	On track
<p data-bbox="237 716 1276 764">Optimize waste heat margins for Ontario facilities</p> <ul data-bbox="237 786 1570 1175" style="list-style-type: none"> <li data-bbox="237 786 1570 883">■ Q1/10 revenues from waste heat declined 19% yoy due to lower throughput on TransCanada Corporation's Canadian Mainline <li data-bbox="237 899 1570 1062">■ Hold regular meetings with TransCanada to optimize a profile for compression of waste heat availability based on maximizing revenue on our five plants <li data-bbox="237 1078 1444 1175">■ Plants are then individually operated based on maximizing operating margins for the plants as a whole 	Ongoing
<p data-bbox="237 1203 1283 1252">Execute a development or acquisition opportunity</p> <ul data-bbox="237 1268 1094 1308" style="list-style-type: none"> <li data-bbox="237 1268 1094 1308">■ Evaluating good pipeline of opportunities 	Ongoing

Financial highlights⁽¹⁾ – Q1, 2010



(\$M except per unit amounts)	Q1/10	Q1/09	Change
Revenues ⁽²⁾	138.8	143.8	↓ 3.5%
Operating margin ⁽³⁾	54.1	49.5	↑ 9.3%
Cash provided by operating activities of continued ops.	44.6	33.7	↑ 32%
Per unit ⁽⁴⁾ (\$)	\$0.82	\$0.63	↑ 30%
Cash provided by operating activities of continued ops. (before working capital changes)	36.9	31.9	↑ 16%
Cash distributions	23.9	34.0	↓ 30%
Per unit (\$)	\$0.44	\$0.63	↓ 30%
Payout ratio ⁽⁴⁾	67%	122%	-
Capital expenditures	11.7	17.0	↓ 31%

(1) Restated to reflect operations of Castleton as discontinued operations.

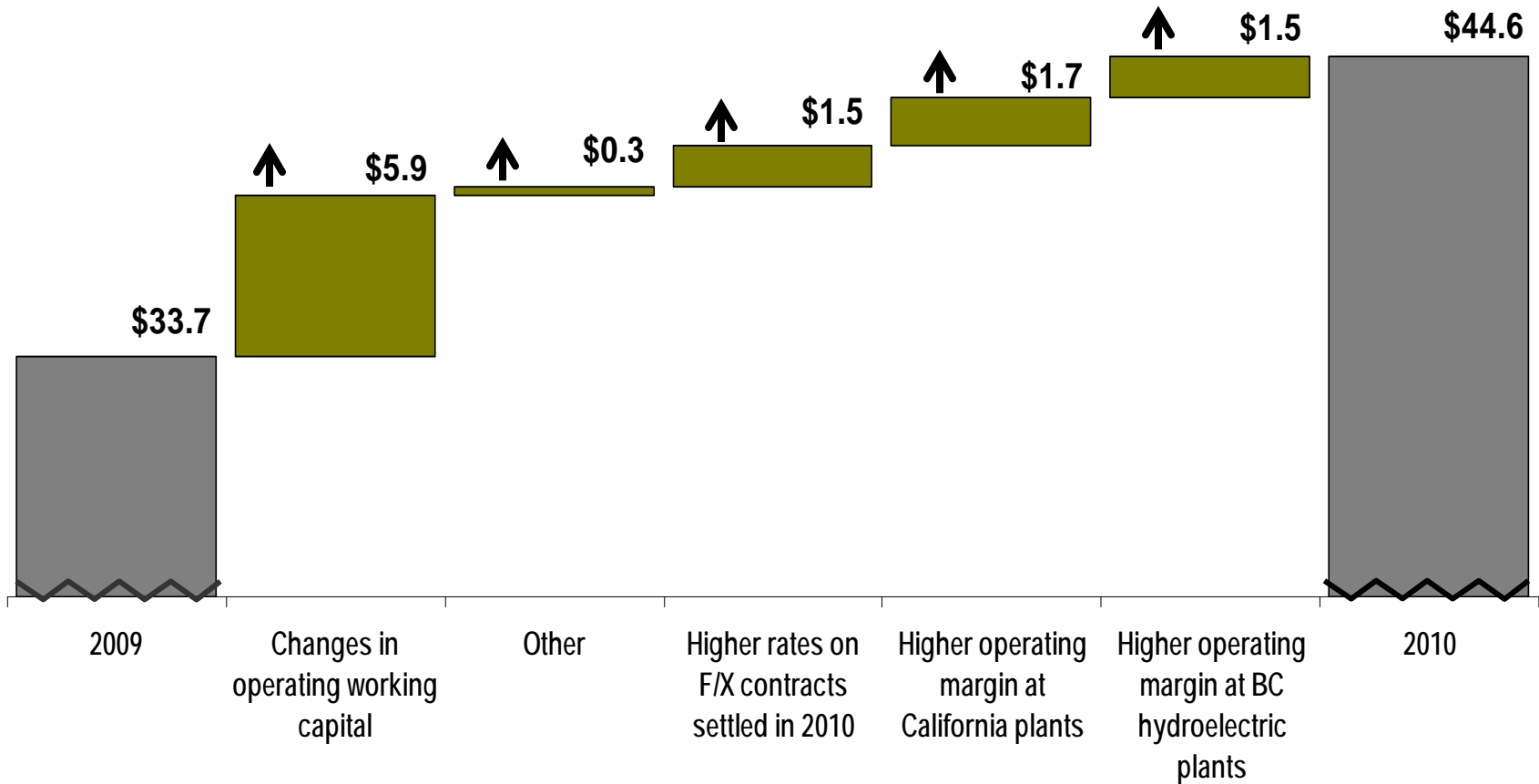
(2) Before fair value changes on foreign exchange contracts.

(3) Before fair value changes on foreign exchange and natural gas contracts. See "Non-GAAP measures" on slide 12

(4) See "Non-GAAP measures" on slide 12

Q1, 2010 Continuity (\$M)

Cash provided by operating activities of continued operations



Excluding working capital changes, operating cash flow was up \$5M compared to prior period

2010 Financial outlook

- US\$12 million payment from Equistar expected in Q2/10
- Expect higher dispatch and renewal of Roxboro and Southport PPAs under economic terms
- 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
- Lower prices on foreign exchange currency settlements
- Annual maintenance capex of \$22 to \$24 million

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Questions?

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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.

Forward-looking statement (cont'd)

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, (ix) developments within the North American capital markets, (x) the availability and cost of permanent long-term financing in respect of acquisitions and investments, (xi) unanticipated maintenance and other expenditures, (xii) the Partnership's ability to successfully realize the benefits of its capital projects, (xiii) changes in regulatory and government decisions including changes to emission regulations, (xiv) waste heat availability and water flows, (xv) changes in existing and proposed tax and other legislation in Canada and the US and including changes in the Canada-US tax treaty, (xvi) the tax attributes of and implications of any acquisitions, (xvii) the availability and cost of equipment, (xviii) the ability of the Partnership to adequately source alternative sources of supply of wood waste, and (xix) 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

- 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:

<i>(millions of dollars) (unaudited)</i>	Three months ended March 31	
	2010	2009
Operating margin	50.9	(0.8)
Deduct:		
Depreciation, amortization and accretion	23.5	23.8
Financial charges and other, net	11.0	13.1
Management and administration	4.0	4.3
Net income (loss) from continuing operations before tax and preferred share dividends	12.4	(42.0)

- 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 and cash provided by operating activities of continuing operations per unit used in the Partnership's Q1/10 MD&A is consistent with December 31, 2009 reporting.