Capital Power Income L.P.

Q4, 2009 Year-End Review
Analyst Conference Call
March 5, 2010

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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 15-16 of this presentation and in our 2009 annual MD&A and other disclosure documents filed with securities regulators on SEDAR (www.sedar.com).

Corporate updates

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- Q4/09 operating cash flows in-line with expectations
  - Operating margin (before fair value changes) down 4.6% year-over-year
  - Payout ratio of 76% versus 124% in Q4/08
  - Generation of 1,405 GWh, up 1.5%
  - Weighted average plant availability of 92%
- Tunis PPA amendment
  - Allows Partnership to flow-through any deviation of natural gas and tolling costs from benchmark amounts to Ontario Electricity Financial Corporation (OEFC)
  - OEFC has the right to curtail the plant during summer off-peak periods through remaining term of the PPA expiring in 2014
  - Expect enhanced annual operating margin from the arrangement based on current forward gas prices
- PPA renewal for North Carolina facilities
  - North Carolina Utilities Commission (NCUC) has ordered Progress Energy Inc. (Progress) to continue to pay for the output of the North Carolina facilities pursuant to the PPA terms that expired Dec 31/09 until arbitration resolved
  - Arbitration decision expected late Q2/10 or early Q3/10

Recap of 2009 corporate priorities

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Priority	Status
Renegotiated PPAs in Ontario ▪ Tunis PPA amended eliminating natural gas price exposure from expiry mismatch of PPA and fuel supply agreement ▪ Continue to renegotiate PPAs expiring in 2012 and beyond	✓
Implement alternative fuel sourcing strategies at Calstock and Williams Lake ▪ Calstock - sourced new supply from nearby landfill site (equivalent to 3 years of supply) ▪ Williams Lake - negotiated commercial arrangements with BC Hydro on a temporary 4-month outage. During outage, continued to receive fixed energy payments while increasing wood waste inventory from low cost suppliers.	✓
Finalize negotiations for Roxboro and Southport PPAs ▪ Arbitration decision expected late Q2/10 or early Q3/10	Arbitration
Negotiate with the U.S. Navy impacts from SRAC in California ▪ Continued discussions with U.S. Navy to address SRAC impact on steam pricing component for Naval facilities PPAs	On-going

Recap of 2009 corporate priorities (cont'd)

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Priority	Status
Execute strategy for PERH ▪ Partnership exercised pre-emptive right to maintain its current pro-rata 14.3% interest in PERH at a cost of US$8.3M ▪ Net book value of PERH at Dec 31/09 was $21.4M, <2% of total assets	✓
Execute LM5000 replacement at North Island ▪ Repowering project completed below original cost estimate and ahead of schedule	✓
Complete construction of enhancements to Roxboro and Southport facilities ▪ Challenges in retrofitting existing facilities resulted in delay to project schedule and increased project cost from US$80M to US$87M ▪ Roxboro and Southport (1st unit) enhancements completed ▪ Southport (2nd unit) expected to be completed by Q2/10	✗
Evaluate acquisition and development opportunities ▪ Completed developments at North Island and the majority at North Carolina facilities	✓

Financial highlights[1] – Q4, 2009

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($M except per unit amounts)	Q4/09	Q4/08	Change
Revenue[2]	**129.8**	147.9	↓ 12%
Operating margin[3]	**49.9**	52.3	↓ 4.6%
Cash provided by operating activities of continued ops.	**39.1**	56.5	↓ 31%
Per unit[4] ($)	**$0.72**	$1.05	↓ 31%
Cash distributions	**23.8**	33.9	↓ 30%
Per unit ($)	**0.44**	$0.63	↓ 30%
Payout ratio[4]	**76%**	124%	-
Capital expenditures	**$30.0**	$21.5	↑ 40%

(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 17
(4) See "Non-GAAP measures" on slide 17

Q4, 2009 Continuity ($M)

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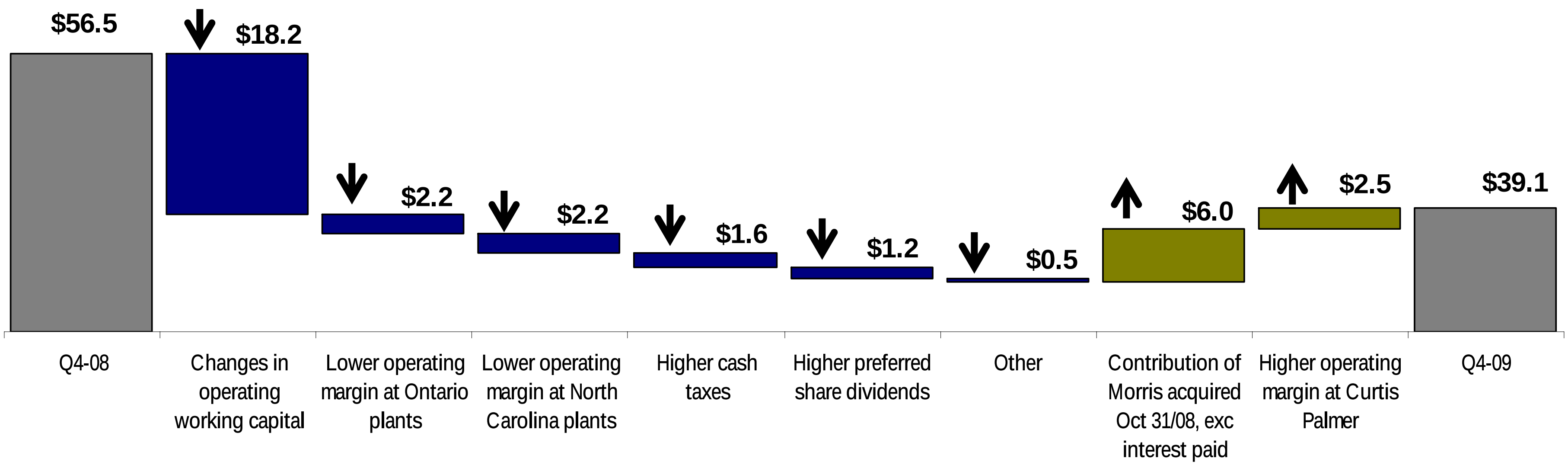
Cash provided by operating activities of continued operations



Excluding working capital changes, operating cash flow consistent with prior year

Financial highlights[1] - 2009

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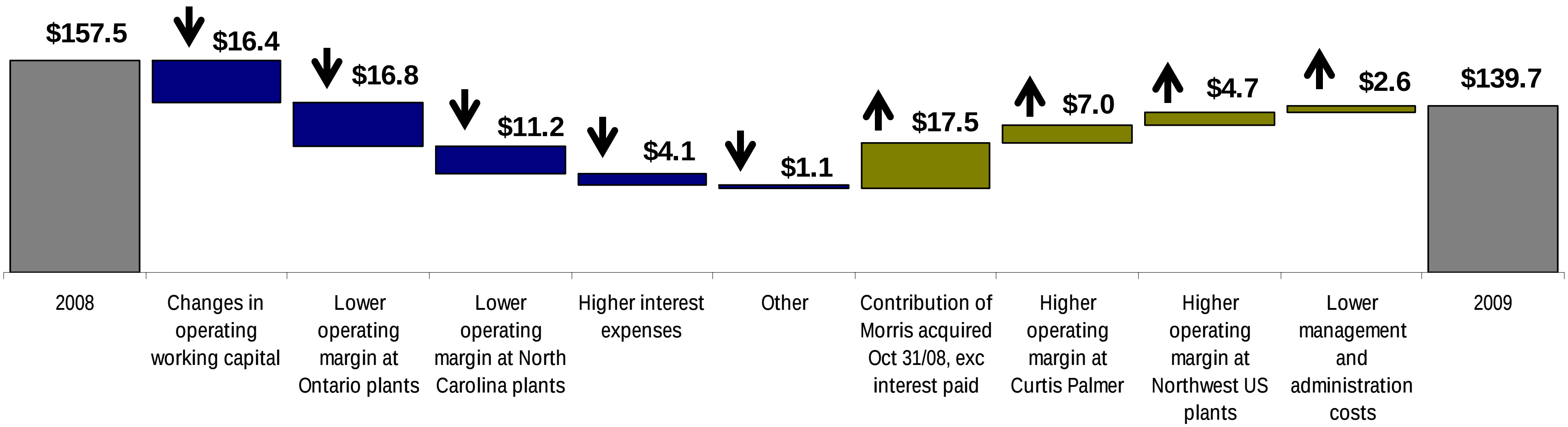
($M except per unit amounts)	2009	2008	Change
Revenue[2]	**527.7**	567.4	↓ 7.0%
Operating margin[3]	**205.3**	209.9	↓ 2.2%
Cash provided by operating activities of continued ops.	**139.7**	157.5	↓ 11%
Per unit[4] ($)	**$2.59**	$2.92	↓ 11%
Cash distributions	**105.2**	135.8	↓ 23%
Per unit ($)	**$1.95**	$2.52	↓ 23%
Payout ratio[4]	**86%**	111%	-
Capital expenditures	**105.9**	40.0	↑ 165%

(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 17
(4) See "Non-GAAP measures" on slide 17

Annual continuity ($M)

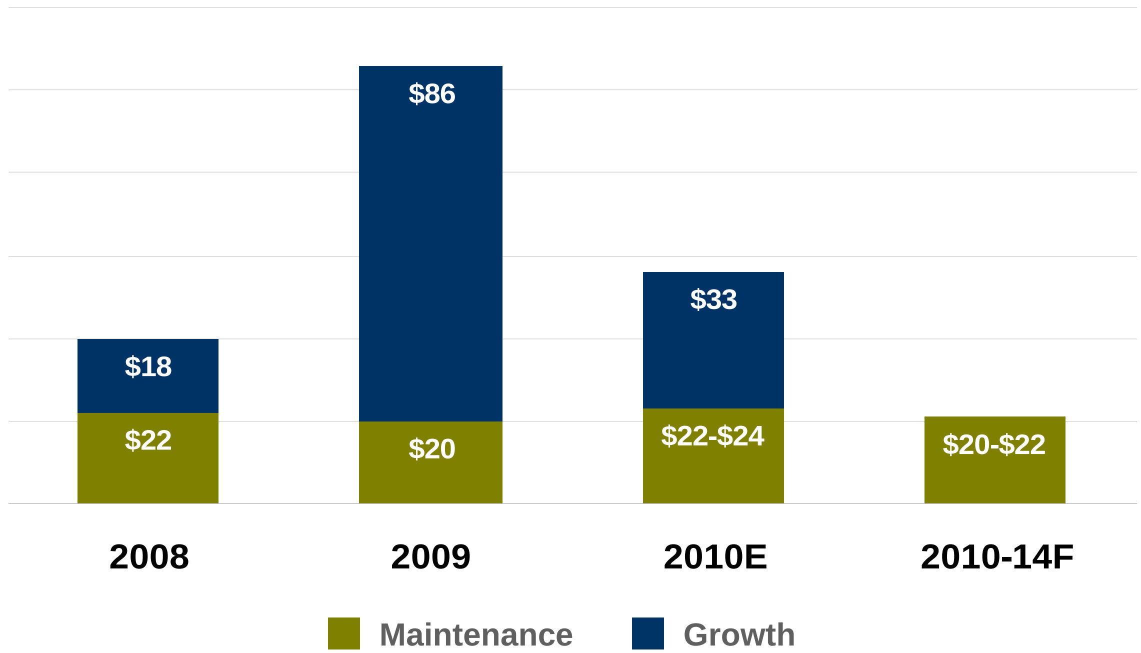
Cash provided by operating activities of continued operations



Higher operating margins from Morris, Curtis Palmer and NW US plants offset lower margins from Ontario and North Carolina plants

Outlook – capital expenditures

- Maintenance capex of $22M - $24M for 2010 expected to be higher than 5-year planning cycle maintenance capex of $20 - $22M due to turbine overhaul at North Bay
- 2010 growth capex of $33M
  - $16M for Oxnard repowering project
  - $17M for enhancement to Southport facility



Outlook – 2011 SIFT tax

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- Optimized capital structure to defer impact of cash taxes on distributable income
  - Expectations on cash tax payments is 2015 - 2016 based on existing portfolio of assets
  - Any acquisitions or developments may extend the dates out further
- Canadian tax losses and other tax pools of $377M available to deduct against future taxable income once SIFT legislation is effective in 2011
- Combination of Canadian and U.S. sourced cash flows continues to provide competitive advantage and facilitates effective tax planning
  - More than 50% of operating margin is generated from the U.S. and not affected by SIFT legislation
- No compelling need to convert the Partnership to a corporation at this time
  - Current tax position provides significant flexibility to mitigate the impact of SIFT legislation
  - Continue to evaluate Partnership's options

2010 Financial outlook

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+ Expect higher dispatch and renewal of Roxboro and Southport PPAs under economic terms
+ Expect Equistar will emerge from Chapter 11 proceedings
  - No impact to Morris operations
  - Settlement of US$11M owing for services provided prior to Chapter 11 proceedings
- Pressure on operating margins
  - Ontario gas plants - lower waste heat margins and higher fuel transportation costs partially offset by power price escalations and higher enhancement and diversion contribution
  - 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

2010 cash flow from operations before working capital changes expected to be lower than 2009

2010F and 5-year outlook comfortably supports current distribution

2010 Corporate priorities

- Finalize negotiations for Southport and Roxboro PPAs
- Complete construction of the enhancements at Southport facility
- Renegotiate Nipigon PPA
- Negotiate with the U.S. Navy to minimize the impact of SRAC
- Execute LM5000 turbine replacement with LM6000 at Oxnard facility
- Optimize waste heat margins
- Execute a development or acquisition opportunity

Primary focus on improving cash flows from existing operations and commercial arrangements, and seeking accretive growth opportunities

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Questions?

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Forward-looking statement

Certain information in this MD&A 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: (i) the sustainability of distributions, including relative to a long-term payout ratio target of 75% of cash provided by operating activities less maintenance capital, (ii) planned capital upgrades at Southport and the anticipated total cost of the Southport and Roxboro enhancement project, (iii) expected improved plant efficiency, operation and financial performance at North Island, (iv) planned capital upgrades at Oxnard including the anticipated cost and timing, (v) expectations regarding the Partnership's cash provided by operating activities, capital expenditures, working capital and distributions relative to its net income in 2010, (vi) expectations regarding the cash to be retained by the Partnership as a result of the distribution reduction and the expected uses of that cash, (vii) expectations regarding the time at which the Partnership will be taxable and the impact of SIFT taxes and changes to withholding obligations, (viii) expectations regarding lower operating margins at Williams Lake and the Ontario plants, (ix) expectations relating to the emergence of Equistar from Chapter 11 proceedings (x) expectations on the throughput on the TransCanada Canadian Mainline and related expectations regarding lower waste heat availability at the Ontario facilities and increased natural gas transportation costs, (xi) expectations regarding the financing of the Partnership's capital expenditures, (xii) expectations with regard to dispatch at the North Carolina facilities, (xiii) expectations in respect of new PPA’s for the North Carolina facilities and the Partnership’s long-term outlook for the North Carolina plants, (xiv) anticipated completion of the Southport facility modifications and the impact of the Southport and Roxboro facility modifications on the operation and economic performance of the facilities and their emissions, (xv) expected maintenance capital spending of $22 million to $24 million in 2010 and expectations that over a five year planning cycle maintenance capital expenditures will average $20 million to $22 million annually for the Partnership's existing facilities, (xvi) expectations regarding the introduction of new emissions regulation and the costs to comply with, and other impacts of, current and anticipated emissions regulation, (xvii) the expected impact of transition to IFRS and expected project review completion dates, and (xviii) expectations regarding the Partnership’s strategic plan including in respect of expansions, enhancements and acquisitions.

These statements are based on certain assumptions and analysis 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

Forward-looking statement (cont'd)

will continue, (ix) the level of plant availability and dispatch, (x) the performance of contractors and suppliers, (xi) the renewal or replacement 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 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 alterative sources of supply of wood waste, and (xvii) factors and assumptions noted under Outlook in respect of the forward looking statements and information noted in that section.

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, and (xvii) the availability and cost of equipment. See Business Risks in this MD&A and Risk Factors in the Partnership's Annual Information Form for its year ended December 31, 2009 filed on SEDAR.

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:

Years ended December 31 *(millions of dollars)*	**2009**	2008	2007
Operating margin	**211.7**	111.4	216.2
Deduct (Add):			
Depreciation, amortization and accretion	**93.3**	88.3	85.5
Management and administration	**15.2**	20.2	13.2
Financial charges and other, net	**42.3**	38.2	48.4
Foreign exchange losses (gains)	**1.0**	26.2	(57.0)
Equity losses from the PERH investment	**3.1**	6.3	4.0
Asset impairment charge	-	24.1	13.0
Net income (loss) from continuing operations before tax and preferred share dividends	**56.8**	(91.9)	109.1

- 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 this MD&A is consistent with December 31, 2008 reporting. The Partnership did not disclose the payout ratio in its December 31, 2008 reporting.