

Outlook

The following discussion should be read in conjunction with the Forward-looking Information section of this MD&A which identifies the material factors and assumptions used to develop forward-looking information and their material associated risk factors. Based upon a forecast average Alberta power price of approximately \$58 per megawatt hour (MWh), normalized earnings per share and funds from operations for 2013 are expected to be in line with the levels achieved in 2012. Items impacting the year-over-year comparison are as follows:

The Company's forecast for average Alberta power prices in 2013 is lower than the average of \$64 per MWh experienced in 2012. Thus, the Company expects lower realized prices on its economically unhedged position, profitability from the peaking facilities, and incentive revenues from Genesee 1 and 2. This is expected to be offset by the full year earnings from Halkirk and Quality Wind and stronger plant availability.

The forecast 2012 generation, at the beginning of 2012, from the baseload plants and acquired Sundance PPA in the Alberta commercial portfolio was 48% sold forward at an average price of high-\$60 per MWh compared with the following portfolio positions for 2013, 2014 and 2015:

Alberta commercial portfolio positions and power prices	2013	2014	2015
Percentage sold forward	49%	37%	31%
Contracted price	Mid-\$60 per MWh	Mid-\$50 per MWh	Mid-\$50 per MWh

Results for 2013 are expected to include a full year of operations from the Halkirk and Quality Wind facilities which both began commercial operation in the fourth quarter of 2012. See Significant Events.

In 2013, Capital Power's availability target of 93% reflects two major scheduled maintenance outages, one at Genesee 1 and one at Keephills 3, compared with the 2012 scheduled maintenance outages for Genesee 2 and Genesee 3.

The 2013 targets and normalized earnings per share forecasts are based on numerous assumptions including power and natural gas price forecasts. However, they do not include the effects of potential future acquisitions or development activities, or potential impacts from unplanned plant outages including outages at facilities of other market participants, and the related impacts on market power prices.