

Quarterly revenues, net income and cash flows provided by operating activities are affected by seasonal weather conditions, fluctuations in U.S. dollar exchange rates relative to the Canadian dollar, power and natural gas prices, and planned and unplanned plant outages as well as items outside the normal course of operations. Net income is also affected by changes in the fair value of the Company's derivative power and natural gas, foreign exchange and forward bond contracts.

Financial highlights

(unaudited, \$ millions except per share amounts)	Three months ended							
	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011	Sep 30 2011	Jun 30 2011	Mar 31 2011
Revenues and other income	296	394	261	380	407	433	472	458
Adjusted EBITDA ⁽¹⁾	73	152	64	152	150	139	112	84
Net income (loss)	19	63	(58)	66	152	44	(22)	14
Net income (loss) attributable to shareholders of the Company	15	39	(32)	40	84	15	(25)	3
Basic earnings (loss) per share (\$)	0.19	0.55	(0.50)	0.66	1.47	0.29	(0.67)	0.06
Normalized earnings per share (\$) ⁽¹⁾	0.23	0.55	0.07	0.46	0.36	0.43	0.07	0.34

(1) The consolidated financial information, except for adjusted EBITDA and normalized earnings per share, was prepared in accordance with GAAP. See Non-GAAP Financial Measures.

Spot price averages	Three months ended							
	Dec 31 2012	Sep 30 2012	Jun 30 2012	Mar 31 2012	Dec 31 2011	Sep 30 2011	Jun 30 2011	Mar 31 2011
Alberta power (\$/MWh)	79	78	40	60	76	95	52	82
New England mass hub (US\$/MWh)	45	37	29	33	38	47	43	n/a
Alberta natural gas (AECO) (\$/Gj)	2.16	2.16	1.80	2.06	3.03	3.47	3.68	3.57
Capital Power's Alberta portfolio's average realized power price (\$/MWh)	65	81	60	83	75	74	56	64

Factors impacting the 2012 fourth quarter results

During the quarter ended December 31, 2012, the Company recorded net income attributable to shareholders of \$15 million and normalized earnings per share of \$0.23 which were lower than the comparable amounts in the fourth quarter of 2011. This decrease was primarily attributable to realized losses on the Bridgeport heat rate option and the pricing of physical natural gas purchases for the Bridgeport plant.

The Quality Wind and Halkirk wind projects commenced commercial operations in this quarter adding a total capacity of 292 MW to the Company's generation portfolio while the finalization of the sale of the British Columbia hydro facilities decreased capacity by 40 MW. The Company recognized a pre-tax gain of \$15 million on the sale of the Brown Lake and Miller Creek hydro facilities.

For the three months ended December 31, 2012, Alberta commercial plants and acquired Sundance PPA electricity generation was lower than experienced in preceding quarters of 2012 primarily due to a planned outage at Genesee 3 which was extended by nine days. The production associated with the acquired Sundance PPA was lower than production in the previous quarters of 2012 and 2011 due to a fourth quarter outage. Revenues and adjusted EBITDA reflected these plant operating factors, lower pricing in the Alberta marketplace and increased maintenance expenses associated with the Genesee 3 outage.

Electricity generation, availability and revenues of the Alberta contracted plants in the fourth quarter of 2012 were consistent with previous quarterly results. Adjusted EBITDA increased in the quarter due to a change in the estimate of coal inventory which decreased energy purchases and fuel costs by approximately \$7 million.

The portfolio of plants in the Ontario and British Columbia contracted plants category shifted significantly as the Quality Wind facility commenced commercial operations on November 6, 2012 and the sale of the Brown Lake and Miller Creek hydro facilities was finalized on October 12, 2012. Availability of the plants in this category was strong for the periods of time that they were operated by Capital Power. Revenues and adjusted EBITDA for the quarter increased relative to previous quarters primarily based on the addition of Quality Wind.