

# **CAPITAL POWER**

**Investor Meetings  
June 2017**

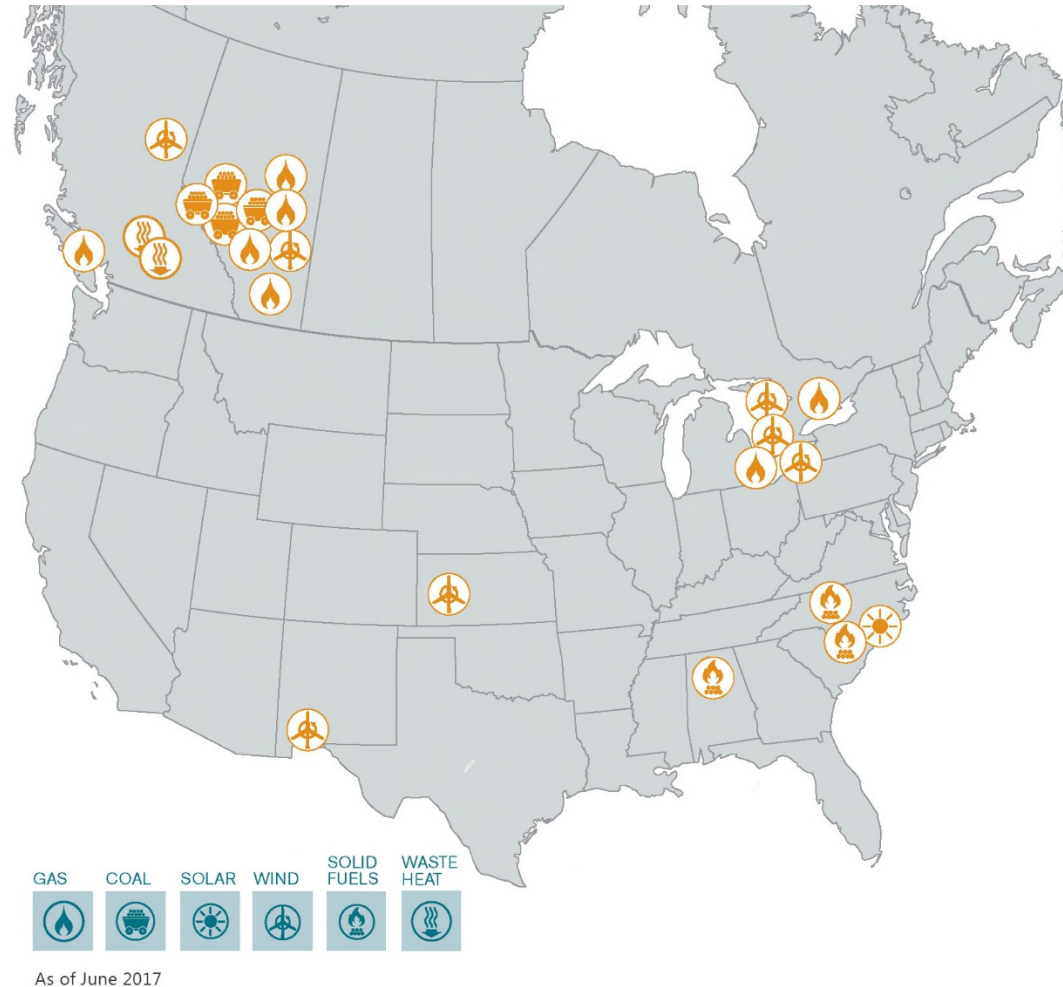
**Brian Vaasjo, President & CEO  
Bryan DeNeve, SVP Finance & CFO**

**Bloom Wind, Kansas**



# Capital Power overview

- Growth-oriented North American IPP with ownership interest in 24 facilities in Canada and the U.S. totaling ~4,500 MW
- Young fleet with an average facility age of 12.8 years<sup>(1)</sup>
- Strong balance sheet and financial flexibility to fund growth
- Annual dividend growth<sup>(2)</sup> supported by growth in contracted Adjusted EBITDA
- TSX (CPX); market cap of \$2.6B<sup>(3)</sup>; average daily trading of ~540K<sup>(3)</sup> shares



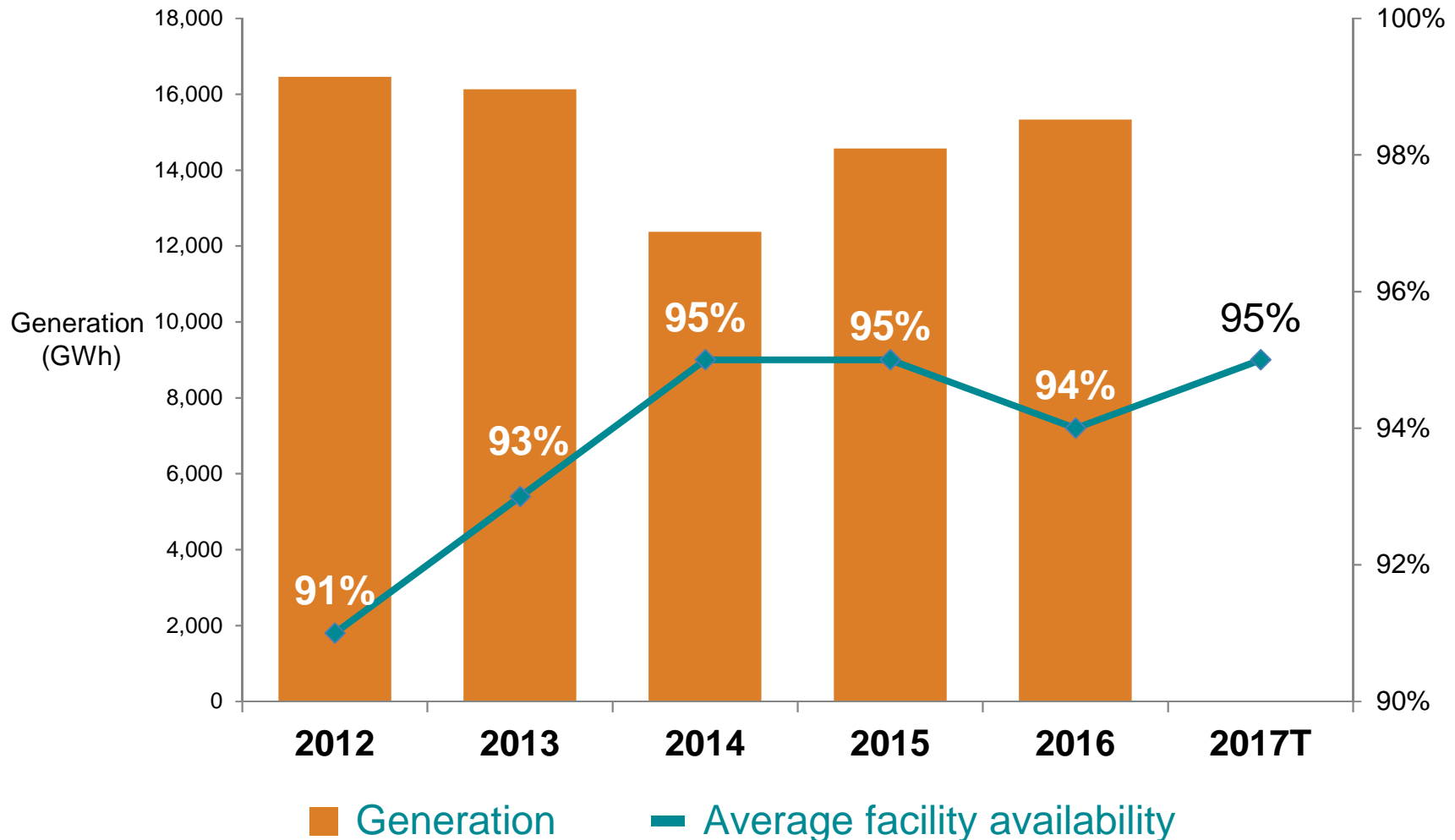
1) Average age based on megawatt capacity weighting.

2) Subject to Board approval.

3) Market capitalization as of Jun/17. Average daily trading for 12-month period ending May 31/17.

# Proven track record of high fleet availability

*Average facility availability of 94% in the past 5 years*



# Acquisition of Decatur Energy Center

## Highlights of transaction

- Acquired Decatur Energy Center from LS Power in June 2017 for US\$448M
- 795 MW natural gas facility fully contracted until December 2022 with high probability of re-contracting based on its history and need for capacity in the region
- Accretive to AFFO by \$0.18 per share in the first full year of operations
- Financing from both equity and debt
  - Net proceeds of \$175M from subscription receipt offering
  - Debt utilizing a temporary expansion of credit facility followed by long-term financing





# Executing on growth

**Recent acquisitions of 3 contracted natural gas and 2 waste heat assets totaling 1,089 MWs of capacity**

- Acquired York Energy and East Windsor facilities in Ontario and two BC waste heat assets
  - Purchase price of ~\$515M including ~\$270M of debt
  - Young, high-quality assets with an average PPA life of 14 years remaining
  - Accretive to AFFO by \$0.25 per share in the first full year of operations
- Combined acquisitions are expected to increase AFFO by \$67M and adjusted EBITDA by \$115M in the first full year of operations



York Energy (50% of 400 MW)



East Windsor (84 MW)



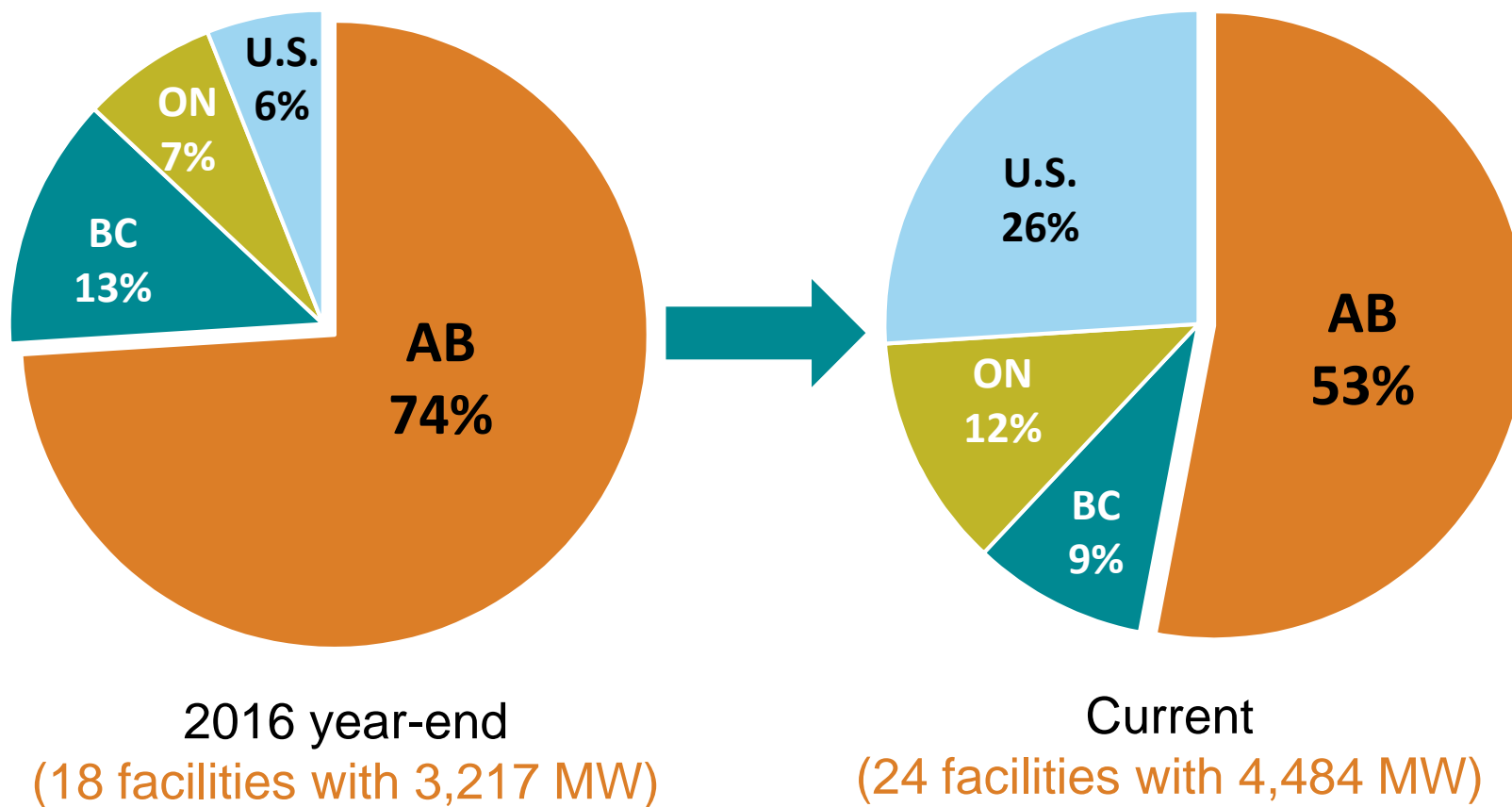
Decatur (795 MW)

***Long-term contracted adjusted EBITDA as a % of total adjusted EBITDA increases from 66% in 2016 to 80% in 2017***

# Geographical profile

Recent acquisitions and completion of Bloom Wind has increased geographical diversification

Geographical breakdown based on owned capacity



# Updates on growth in Alberta

- Alberta power market
- Environmental regulations
- Coal facilities
- Renewables opportunities
- Transition to a capacity market design



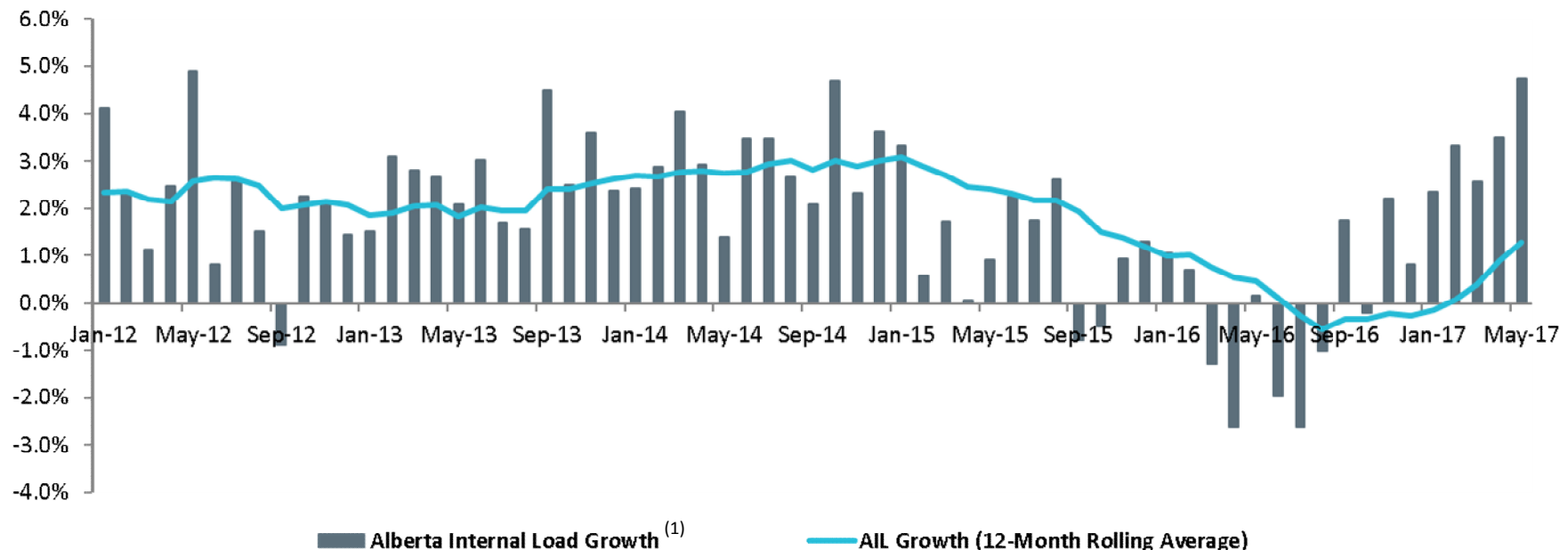
# Alberta demand

## Alberta demand showing recovery

- Seven consecutive months (Nov 2016 – May 2017) of positive normalized load growth; continues to show signs of recovery
- Normalized growth in May 2017 is the highest since Q4/14

### Alberta Load Growth <sup>(1)</sup>

AIL Growth (%)



1) Alberta Internal Load normalized for weather and impact of Fort McMurray fires in 2016. Source: Capital Power.



# Alberta market forecasts

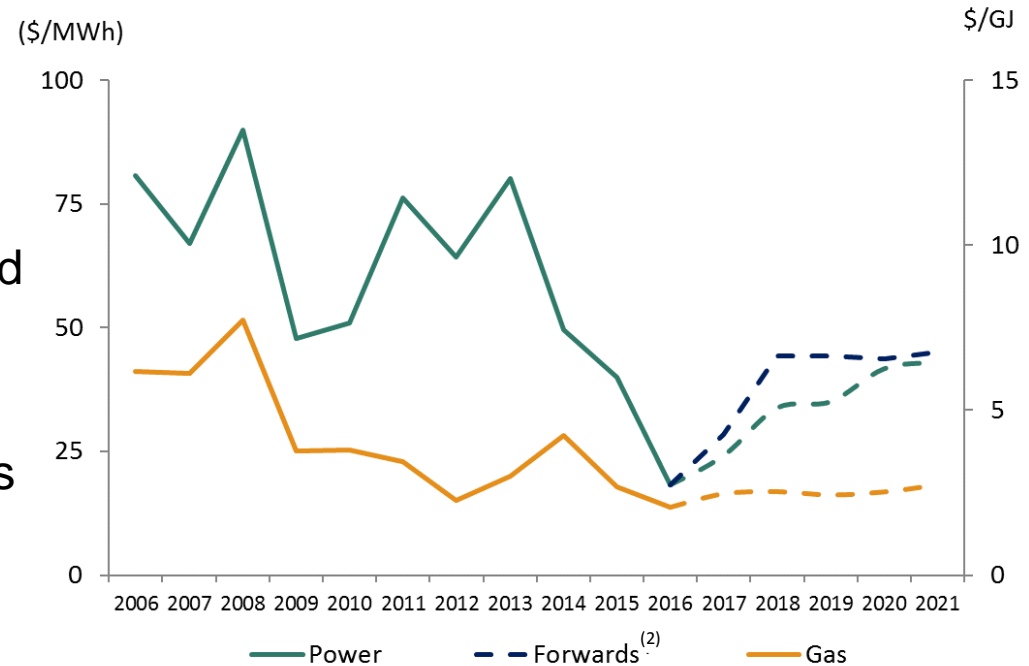
## Current low power price environment

- Oversupply in the market
- Lower demand from weak AB economy
- Low natural gas prices

## Expected uplift in power prices

- Announced early retirements and mothballing of coal-fired units
- Demand growth recovering
- Moderate increase in natural gas prices
- Pass-through of higher environmental compliance costs
- Mandated coal retirements near the end of this decade

Alberta Energy Prices <sup>(1)</sup>



1) Power and gas forecasts represent the average forecasts of three leading 3rd party consulting firms as of Jan 2017.

2) Forwards as of May 2017.

# Carbon competitiveness regulation

- Specified Gas Emitters Regulation (SGER) effective to the end of 2017.  
Levy under Carbon Competitiveness Regulation (CCR) effective starting in 2018

	2017	2018	2019	2020
Compliance regulation	SGER	CCR		
Compliance requirement	20%	55% to 65% (Down to best gas standard)		
Market compliance cost (\$/tonne)	\$30 (assumed to remain flat until post 2025)			

- Impact on Genesee 3 / Keephills 3 will be offset by higher pool prices and inventory of low-cost carbon offset credits through 2020
- Capital Power bears the Genesee 1&2 compliance costs post-2020 after PPA expiry. Additional compliance costs expected to be offset by increased revenue from selling the output into the Alberta wholesale market (~\$50 to \$55/MWh) as opposed to under the PPA (~\$40/MWh)

***Use of existing offset credits and higher pool prices helps mitigate higher compliance costs through 2020***

# Alberta opportunity set

## Significant investment required over the next 13 years

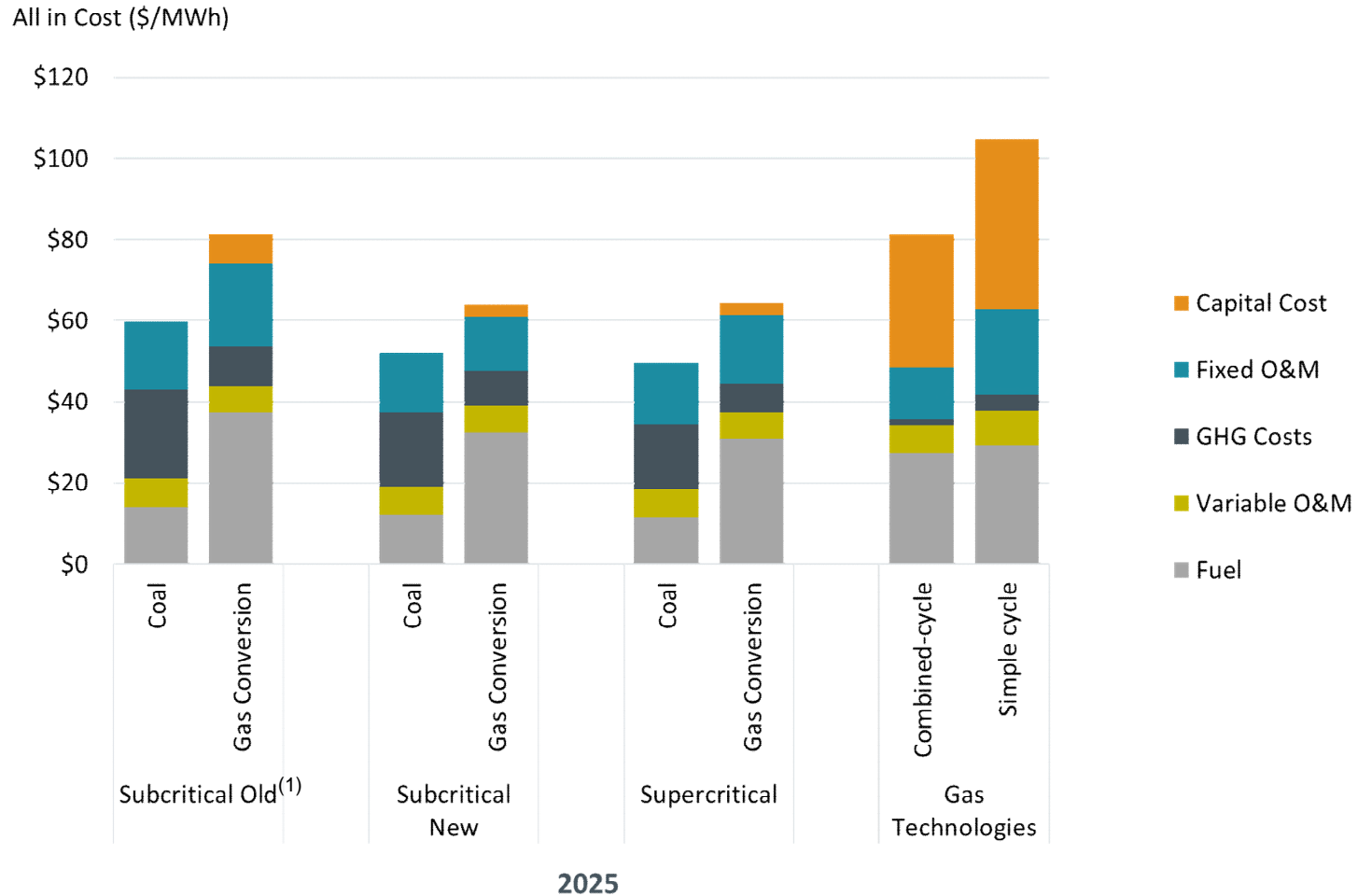
- Up to \$20 billion
- Phase-out of coal facilities by end of 2030 or earlier
- 5,000 MWs in renewables to replace retirement of coal units with balance in natural gas and other to meet demand
- Capital Power well-positioned with our existing power sites, development and construction expertise, and strong track record of trading in Alberta



*Well-positioned to participate in new generation*

# All-in cost assumptions

## Components of variable, fixed costs and capital costs for various technologies



1) Subcritical Old is pre-1980

# Alberta's coal fleet

## Retirements under federal & provincial regulations and conversion to gas

	Facility	AESO max capacity (MW)	Age in 2017 (years)	End of coal life (CST & CLP) <sup>(1)</sup>	Expected Life (coal to gas conversion)
Subcritical Old	Battle River 3	149	48	2019	Decommissioned
	Sundance 1	288	47	Jan 1/18	Decommissioned
	H.R. Milner	144	45	May 1/17	Decommissioned
	Sundance 2	288	44	Jan 1/18	Moth-balled for up to 2 years
	Battle River 4	155	42	2025	2021 –
	Sundance 3	368	41	2026	2021/23 – mid-2030
	Sundance 4	406	40	2027	2021/23 – mid-2030
	Sundance 5	406	39	2028	2021/23 – mid-2030
Subcritical New	Sundance 6	401	37	2029	2021/23 – mid-2030
	Battle River 5	385	36	2029	2021 –
	Keephills 1	395	34	2029	2021/23 – mid-2030
	Keephills 2	395	33	2029	2021/23 – mid-2030
	Sheerness 1	400	31	2030	2021 –
	<b>Genesee 2</b>	<b>400</b>	<b>28</b>	<b>2030</b>	<b>2031 – 2045</b>
	Sheerness 2	390	27	2030	2021 –
	<b>Genesee 1</b>	<b>400</b>	<b>23</b>	<b>2030</b>	<b>2031 – 2045</b>
Supercritical	<b>Genesee 3<sup>(2)</sup></b>	<b>466</b>	<b>12</b>	<b>2030</b>	<b>2031 – 2045</b>
	<b>Keephills 3<sup>(2)</sup></b>	<b>463</b>	<b>6</b>	<b>2030</b>	

1) Current coal regulations under Capital Stock Turnover (Federal) and Climate Leadership Plan (Alberta).

2) Capital Power and TransAlta Corporation are 50% owners on Genesee 3 and Keephills 3.

# Renewables in Alberta

## Targeting 30% of AB's electricity generation from renewables by 2030

- 5,000 MW of renewable energy, equivalent to ~2,000 MW of capacity
- Will still need 4,000 MW of thermal to replace retiring coal generation
- First call under Renewable Electricity Program (REP)
  - Procurement of 400 MW of renewable capacity
  - Operational in 2019
  - Utilize existing transmission
  - 20-year term
  - Winning bidders based on lowest price
  - Future REP calls to include stakeholder benefits
- Timelines for first call in 2017
  - Q1 - Request for Expression of Interest
  - Q2 - Request for Qualifications
  - Q4 - Request for Proposals

***New renewable generation will be timed to replace two-thirds of retiring coal-fired capacity***



# Wind development in Alberta

Capital Power has two wind projects ready to be bid in

Whitla Wind	Halkirk 2
300 MW on 33,000 acres in south eastern Alberta	150 MW on 18,000 acres in central Alberta next to existing Halkirk facility
38-41% capacity factor	37-39% capacity factor
Available transmission	Available transmission
	Locational advantage with wind diversity resulting in expected higher capture factor



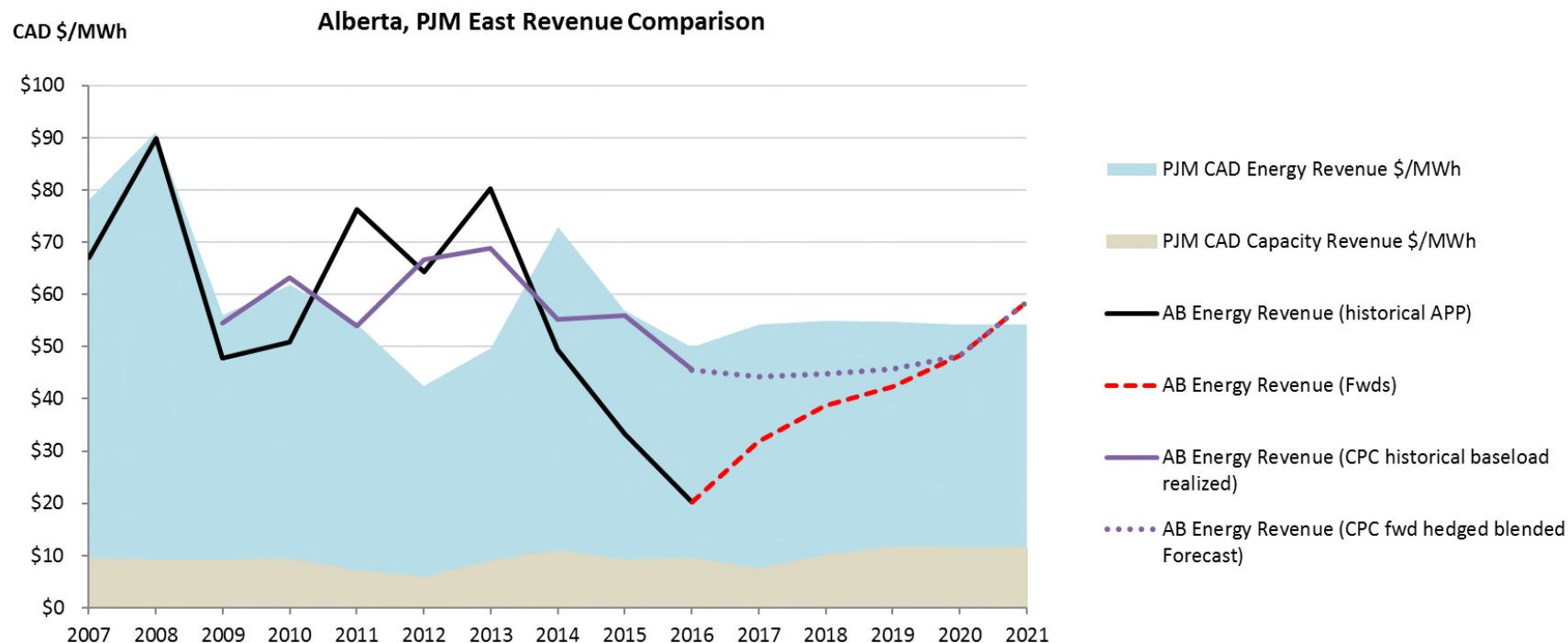
# Alberta power market design change

## Transition to a capacity market from energy-only market

- Government committed to ensuring that existing investments would be treated fairly, and the new market framework would continue to promote a level playing field between existing and potential new capacity
- Tremendous amount of detail to work out on market design
  - Properly designed and implemented, Capital Power should be able to realize on its proven competencies in the new market
- Expect first round of bids in 2019 with delivery target for 2021
  - Eligible for auction likely limited to existing capacity
- Generally positive for coal and natural gas conversions

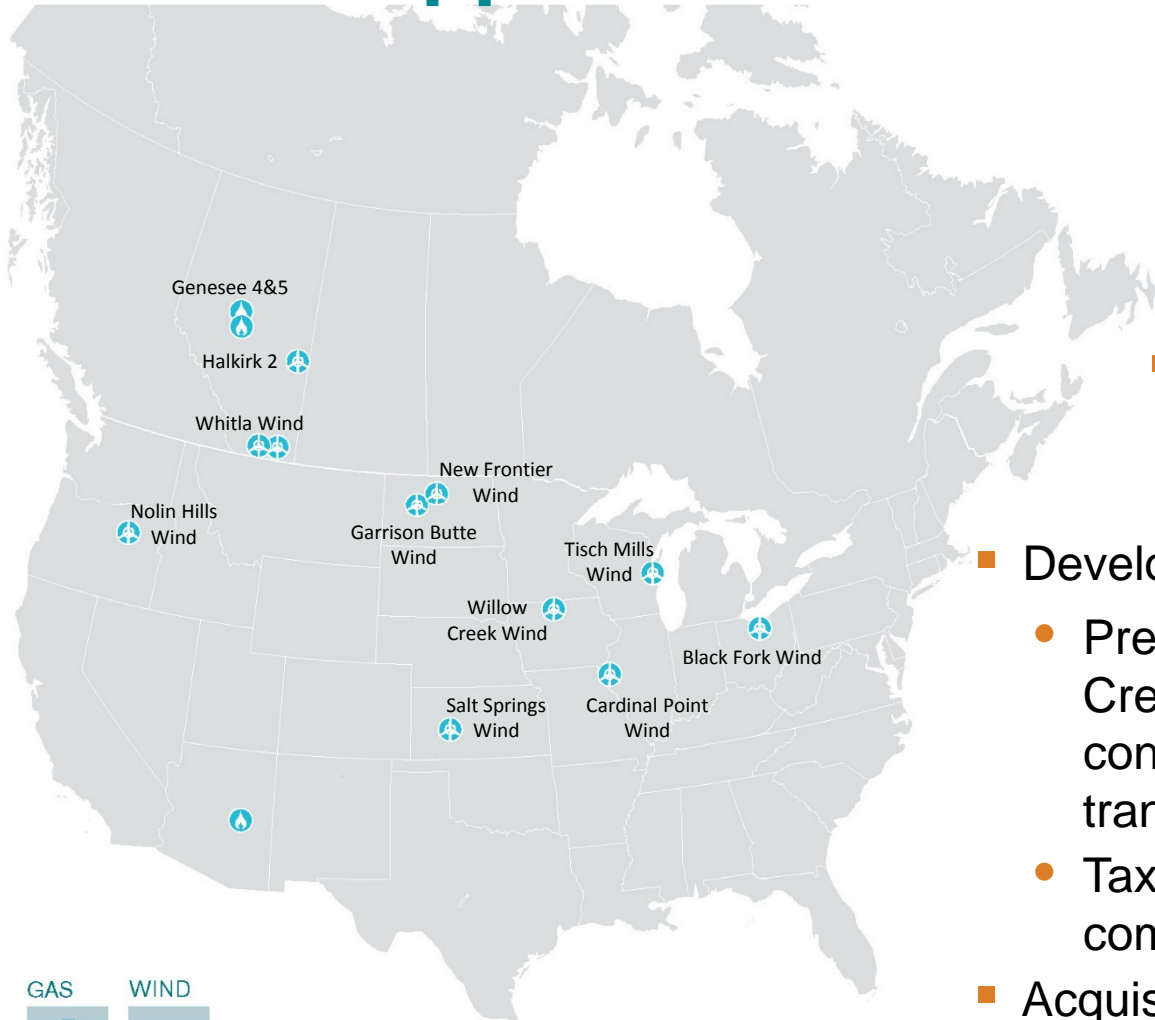
# Capacity market

## Baseload revenue – Alberta vs. PJM



- Capacity market creates a more stable revenue stream relative to selling into the Alberta market
- Revenue under the Alberta energy only market for the period of 2009 through 2021 is \$57/MWh for Capital Power's baseload assets (including trading gains) compared to \$55/MWh in the PJM capacity market

# Growth opportunities



- Development of wind and thermal in Alberta

- Development of U.S. wind

- Preserved full Production Tax Credit (PTC) qualification with construction of project-specific transformers in 2016
- Tax credits help projects remain competitive in the U.S.

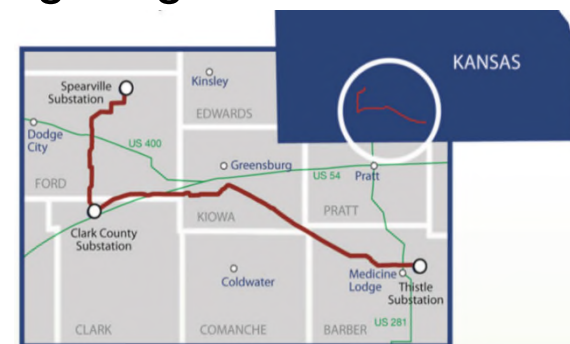
- Acquisitions in Canada and the U.S.



As of June 2017

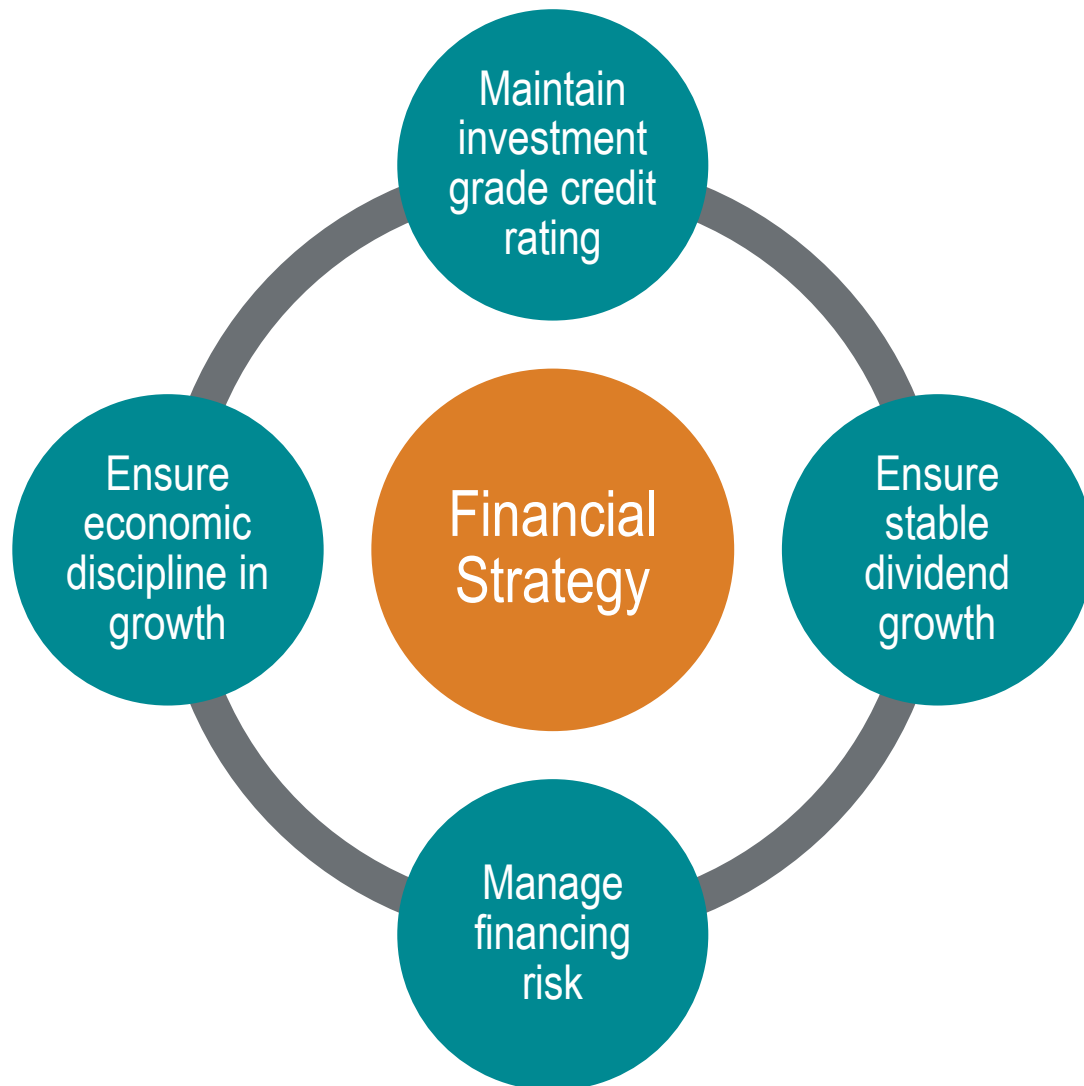
# Bloom Wind

- Bloom Wind completed ahead of schedule (COD June 1, 2017) with construction costs below budget
- 178 MW wind farm consisting of 54 Vestas V117-3.3 MW turbines
- 10-year fixed price contract covering 100% of the output, with Allianz Risk Transfer (rated AA- (stable) by S&P's), a subsidiary of Allianz SE, a worldwide insurance and asset management group
- Under the contract, Capital Power will swap market revenue of Bloom's generation for a fixed annual payment for a 10-year term, securing long-term predictable revenues and mitigate generation volume uncertainty related to wind resources
- Tax equity investment by Goldman Sachs Alternative Energy Group



**Bloom Wind is our first wind development project in the U.S. renewables market with others to follow**

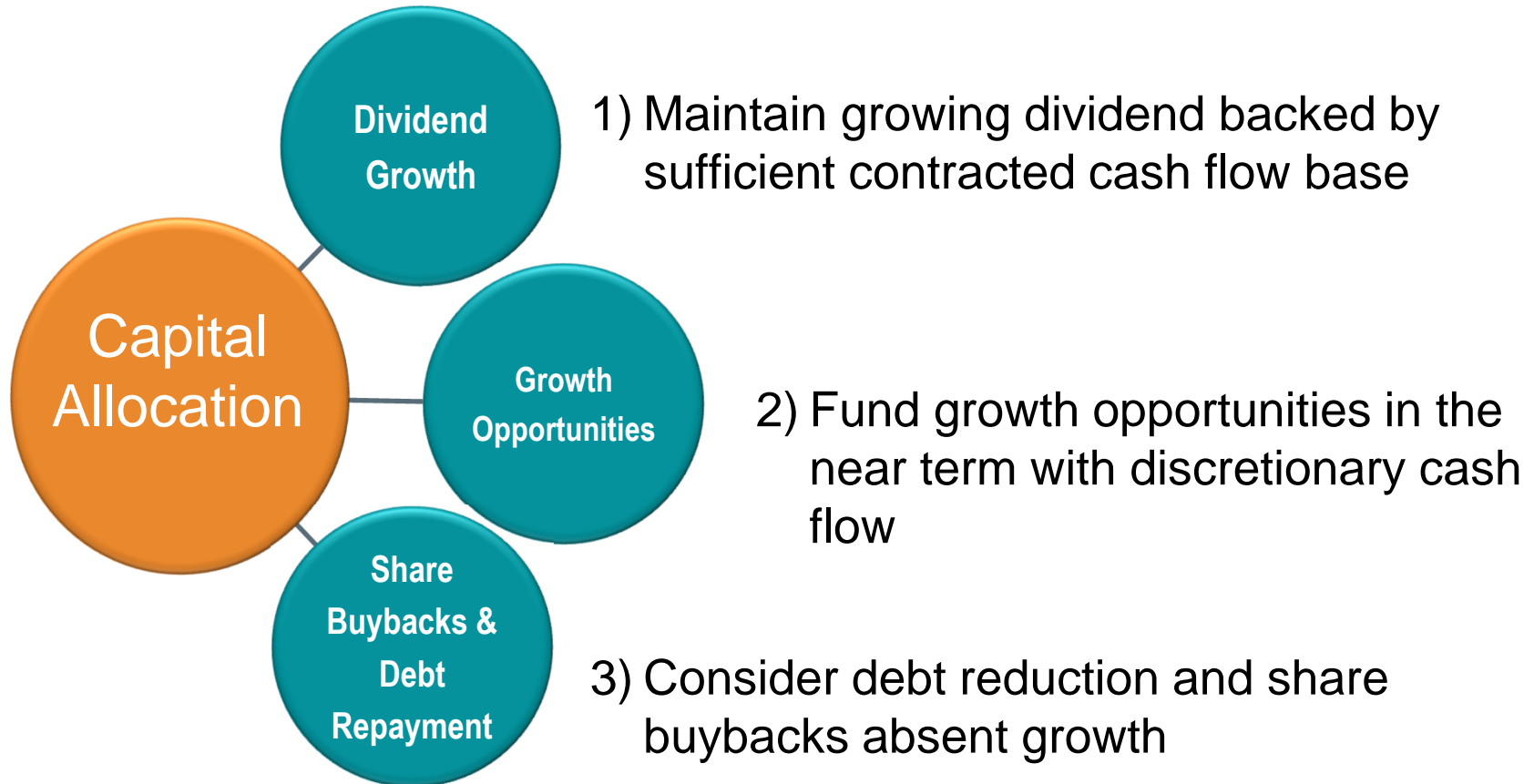
# Financial strategy



***Maintain ongoing access to cost competitive capital to fund growth throughout business cycle***

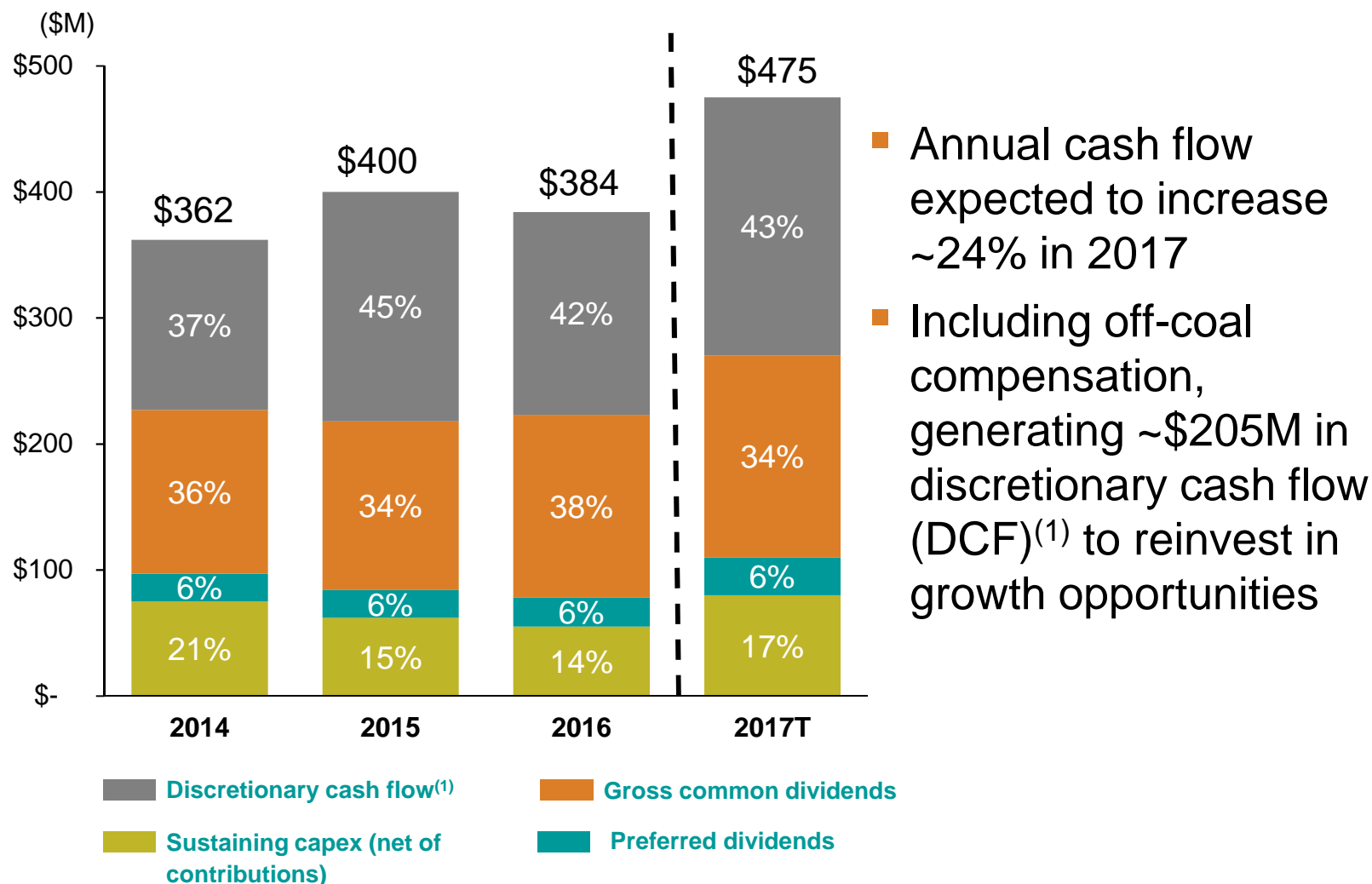


# Capital allocation



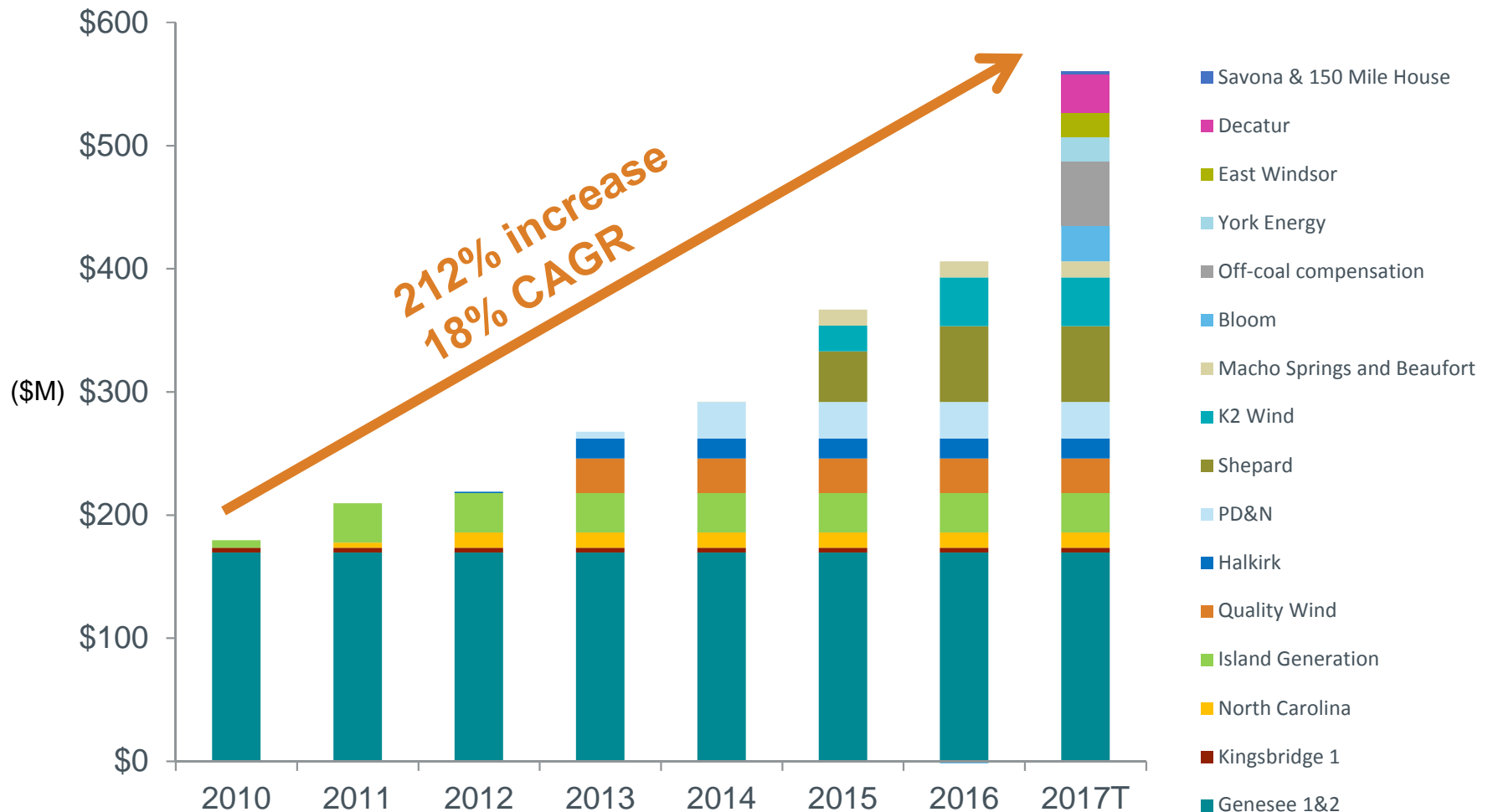
# Continued strong cash flow generation

~43% of cash flow in 2017 expected to be discretionary cash flow



1) Discretionary cash flow (DCF) is a non-GAAP financial measure. DCF = FFO + off-coal compensation – sustaining capex (excluding GPS) – preferred dividends – common dividends.

# Improving contracted adjusted EBITDA<sup>(1,2,3,4)</sup>

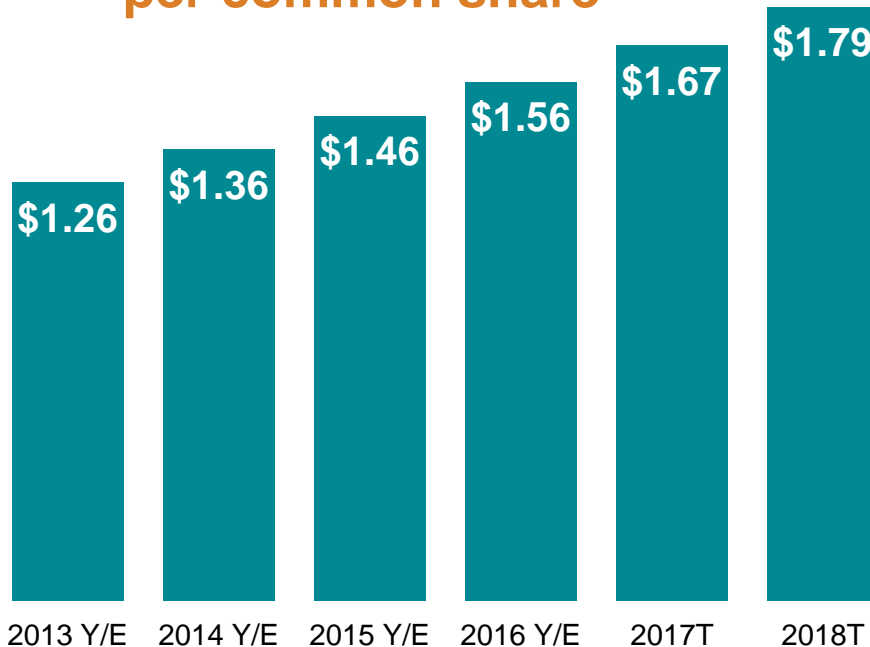


**Substantial expansion in contracted EBITDA from 2010-2017**

- 1) Margins have been averaged over the periods except in the year of commissioning/acquisition.
- 2) Only includes contracted portions of Halkirk and Shepard plants.
- 3) Capital Power's share of adjusted EBITDA for all assets.
- 4) Includes off-coal compensation.

# Target annual dividend increases

## Annualized dividend per common share<sup>(1,2)</sup>



- Annual 7% dividend growth guidance for 2017 and 2018
- Expect to generate ~\$363M in Adjusted funds from operations (AFFO) in 2017
- AFFO payout ratio averages ~50% from 2016 to 2018
- Pipeline of opportunities to expand contracted footprint throughout North America

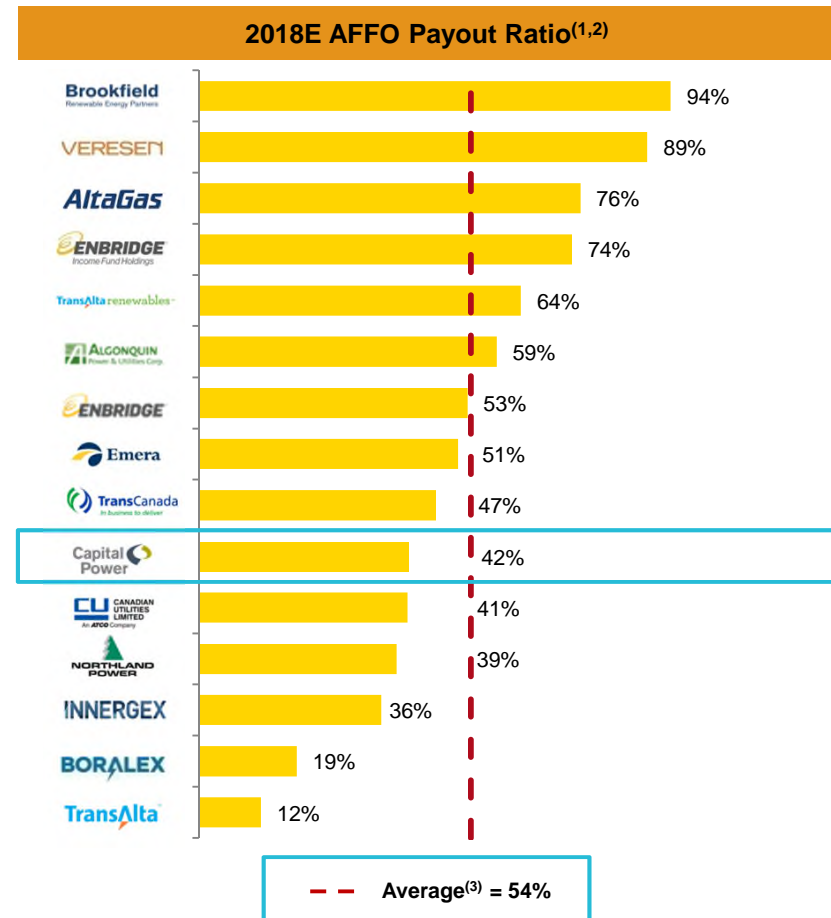
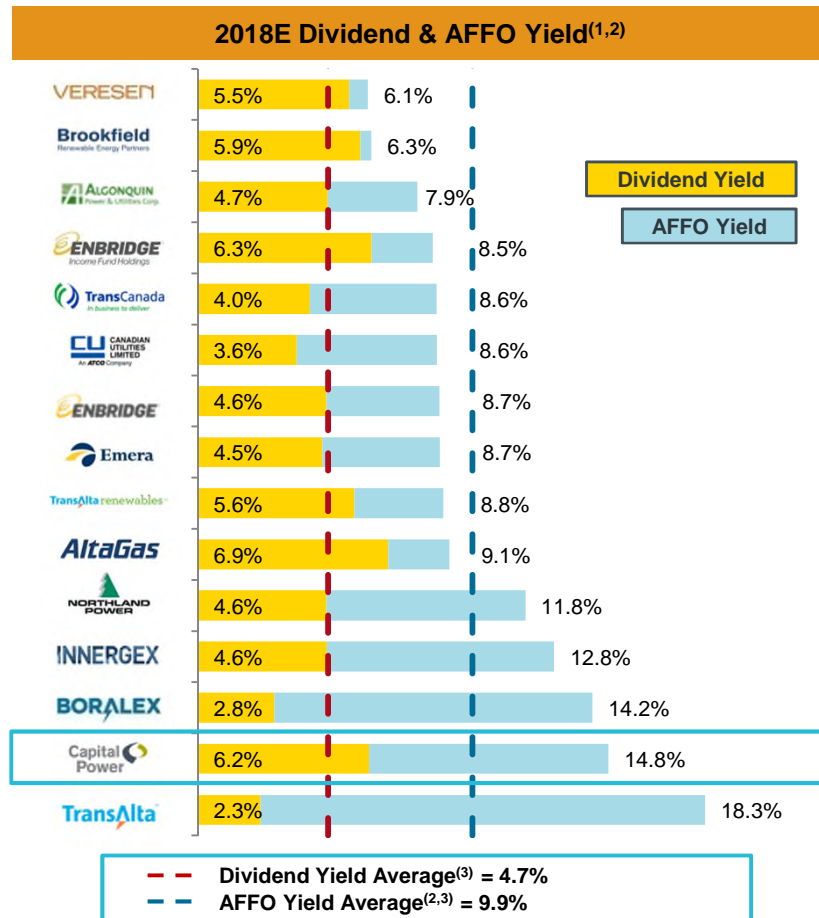
***Well positioned to deliver consistent annual dividend growth***

1) Subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time.

2) 2013 to 2016 annualized dividend based on year-end quarterly common shares dividend declared.

# Attractive yields relative to peers

## Capital Power's AFFO payout ratio is below peer average



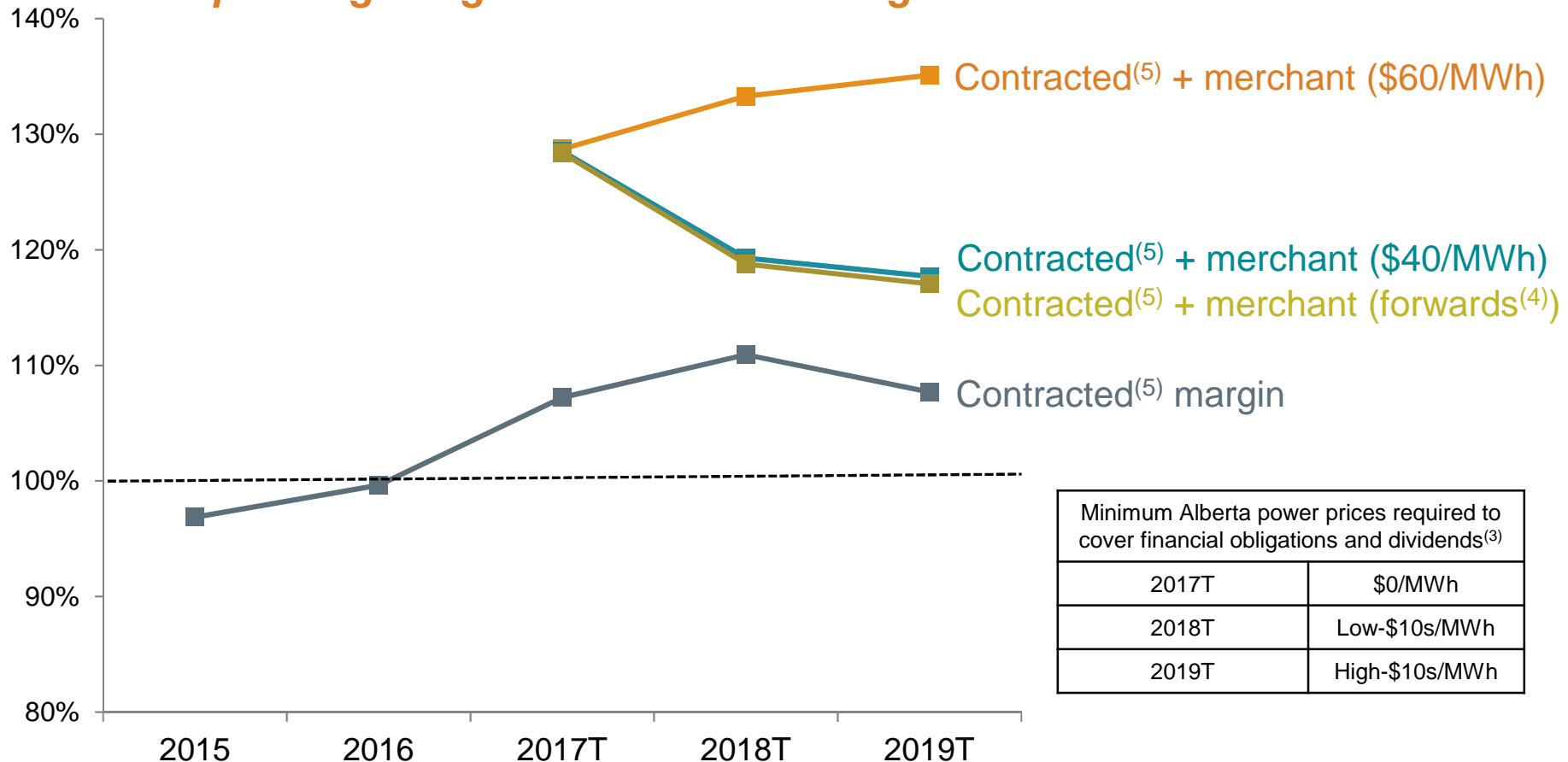
1) Source: FactSet as at May 17, 2017 and with assistance of CIBC World Markets Inc.

2) Based on consensus analyst estimates. Adjusted funds from operations (AFFO) calculated as cash flow from operations before working capital less maintenance capex and preferred dividends.

3) Averages exclude Capital Power.

# Financial obligations & dividends covered by contracted cash flow

**Operating margin<sup>(1,6)</sup> to financial obligations<sup>(2)</sup> and dividends<sup>(3)</sup>**



Minimum Alberta power prices required to cover financial obligations and dividends<sup>(3)</sup>

2017T	\$0/MWh
2018T	Low-\$10s/MWh
2019T	High-\$10s/MWh

1) Merchant margin is calculated using \$40/MWh and \$60/MWh and is based on hedged position as at March 31, 2017

2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures, project & tax-equity debt repayments, cash tax payable, and general & administration expenses.

3) Dividends include common and preferred dividends, including preferred dividend tax. Assumes consistent common dividend growth in 2017-18.

4) Forwards as of March 31, 2017

5) Includes off-coal compensation and close of the Decatur transaction in Q2/17.

6) Includes finance lease principal payments.



# Cash flow and financing outlook

Utilizing cash available for growth with recent acquisitions

Sources of cash flow	2017E (\$M)
Funds from operations + off-coal compensation	\$475
Proceeds from tax-equity debt	\$235
Issuance of common shares	\$175
	<hr/> \$885
Uses of cash flow	
Dividends (common shares)	(\$160)
Dividends (preferred shares)	(\$30)
Acquisition of York Energy, East Windsor, Savona, 150 Mile House	(\$243)
Acquisition of Decatur Energy Center <sup>(1)</sup>	(\$600)
Debt repayment	(\$30)
Genesee Performance Standard <sup>(2)</sup>	(\$10)
Sustaining and maintenance capex	(\$80)
	<hr/> (\$1,153)
<b>Deficit funded by credit facility draws</b>	<b>(\$268)</b>

1) Transaction price of US\$448M translated into CAD.

2) Genesee Performance Standard (GPS) is a program to reduce CO2 and improve coal plant efficiency. Total program costs of ~\$30M.

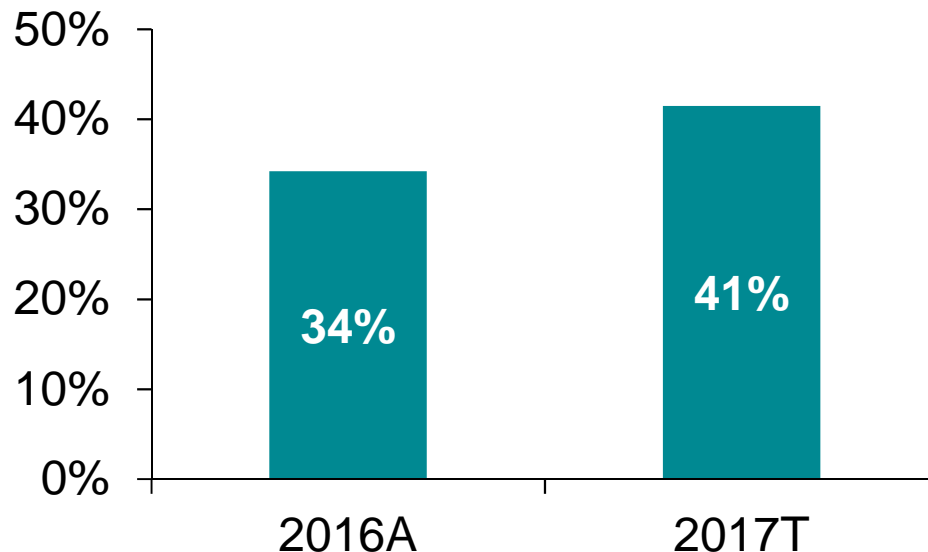
# Financial strength

## Strong balance sheet and investment grade credit rating

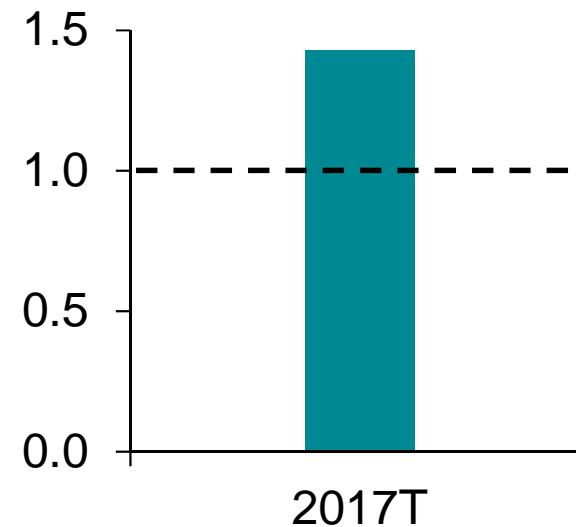
- Investment grade credit ratings by S&P and DBRS
- Continued to be well capitalized with capacity for leverage

Agency	Ratings	Outlook
S&P	BBB- / P-3	Stable
DBRS	BBB(low) / Pfd-3 (low)	Stable

### Debt to total capitalization



### Corporate Liquidity<sup>(1)</sup>



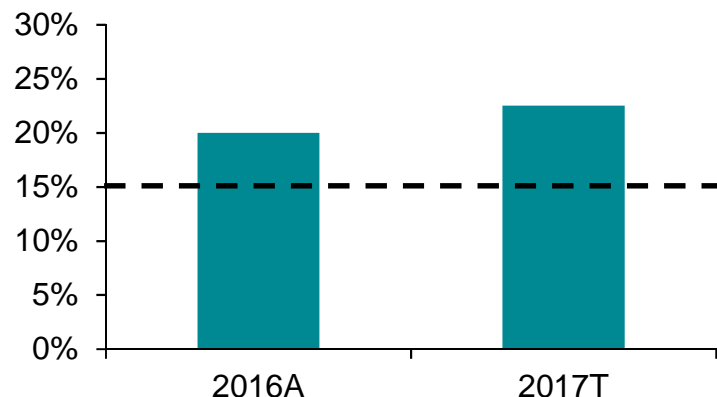
***Capital Power is committed to maintaining investment grade***

1) March 31, 2017 forward-looking estimate.

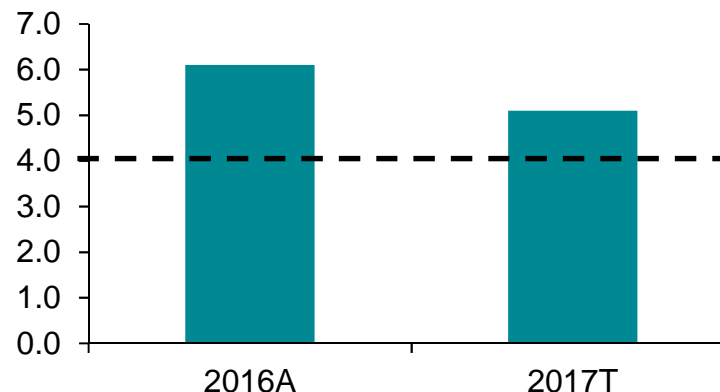
# Credit metrics

## Within DBRS financial criteria for current rating

Adj. Cash flow/Adj. Debt<sup>(1)</sup>

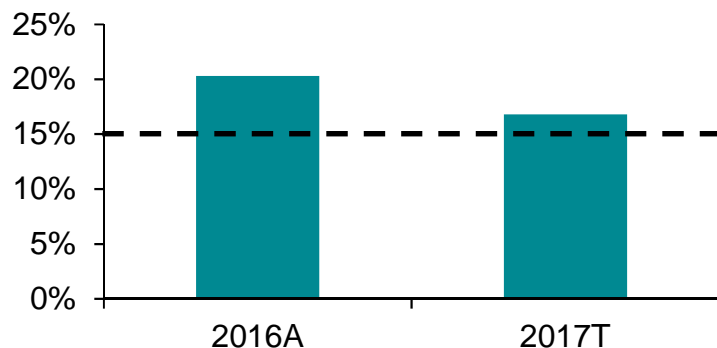


EBITDA/Adj. Interest

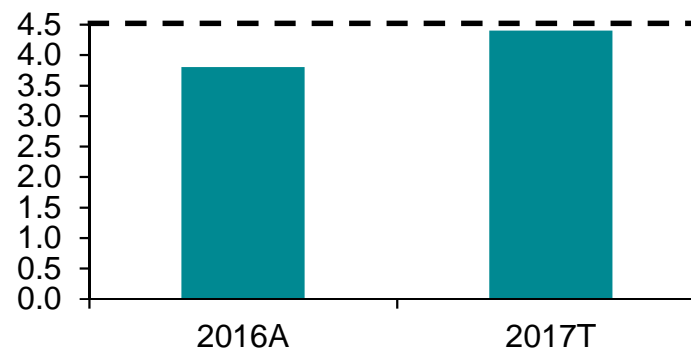


## Within S&P financial criteria for investment grade rating

Adj. FFO/Adj. Debt<sup>(1,2)</sup>



Adj. Debt/Adj. EBITDA<sup>(1,2)</sup>



1) Cash flow and adjusted EBITDA amounts include coal compensation in 2017.

2) Based on S&P's weighted average ratings methodology.

# Financial outlook

- Partial year AFFO and Adjusted EBITDA contributions from the acquisitions of York Energy, East Windsor and Decatur in 2017
- Alberta Commercial baseload positions:

	2018	2019	2020
% sold forward <sup>(1,2)</sup>	61%	40%	33%
Contracted prices <sup>(1,3)</sup> (\$/MWh)	High-\$40	Low-\$50	High-\$40
Avg. forward prices (\$/MWh)	\$45	\$45	\$46

***Minimized exposure to low spot power prices through active hedging of commercial baseload positions***

1) As of March 31, 2017

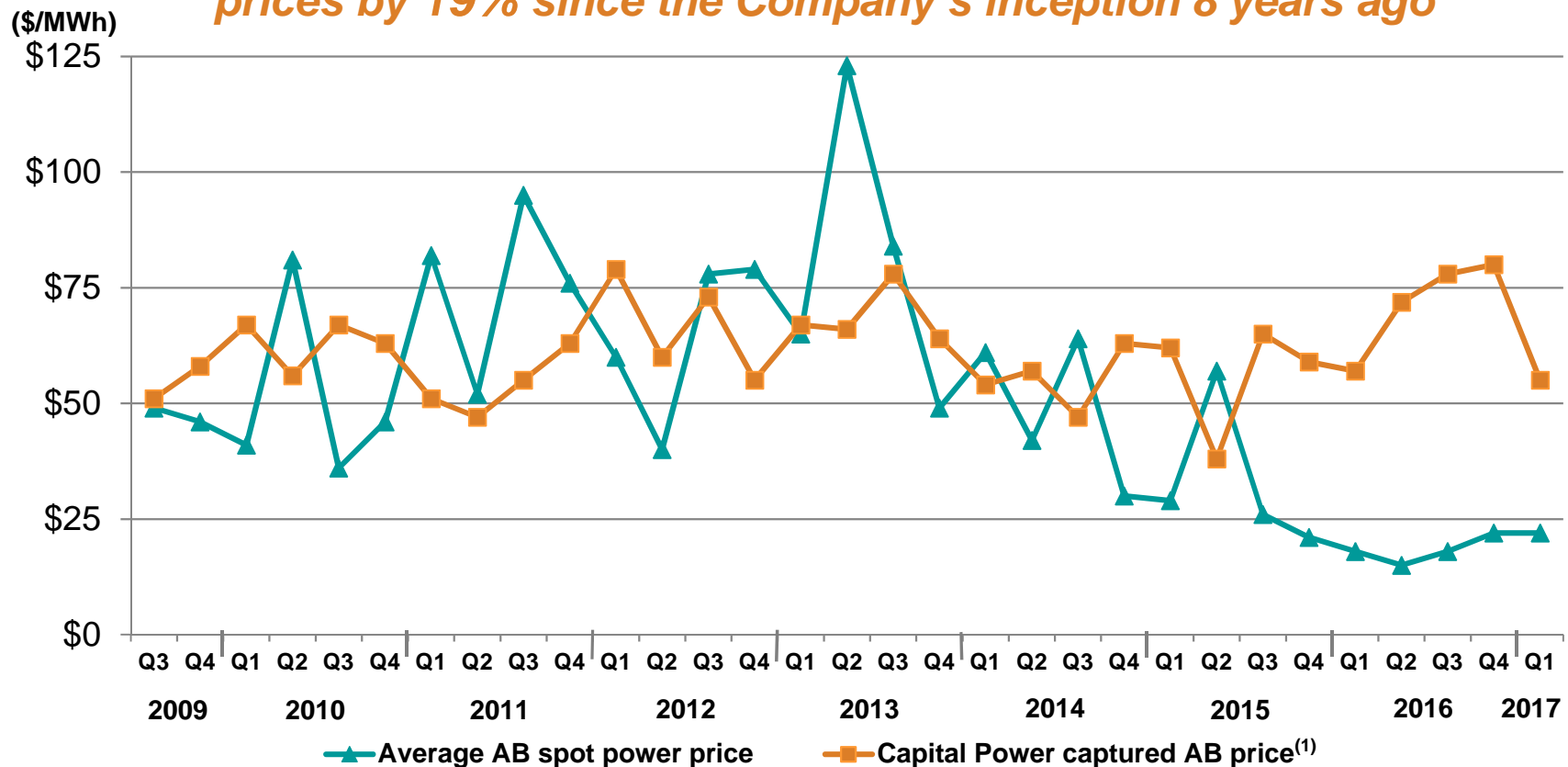
2) Based on the Alberta baseload plants plus a portion of Joffre and the uncontracted portion of Shepard.

3) Forecasted average contracted prices may differ significantly from future average realized prices as future realized prices are driven by a combination of previously contracted prices and settled prices.

# Alberta power market trading

- Portfolio optimization activities focused on managing exposure to commodity risks, reducing volatility and creating incremental value

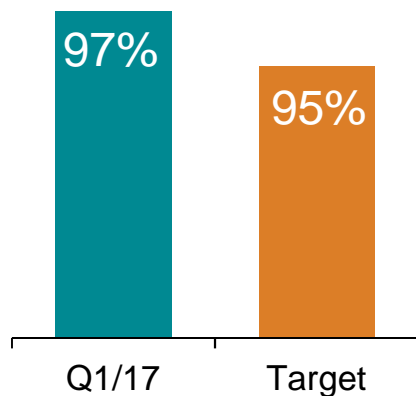
*Average realized power prices<sup>(1)</sup> have exceeded spot power prices by 19% since the Company's inception 8 years ago*



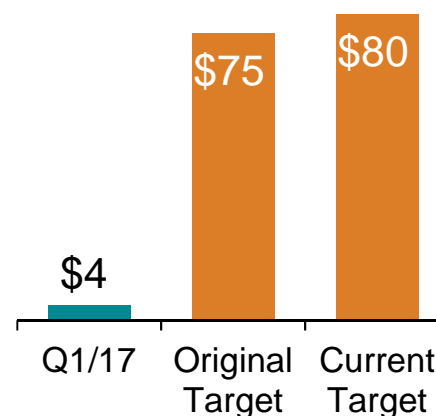
1) Based on the Alberta baseload plants and the acquired Sundance PPA plus the uncontracted portion of Shepard Energy Centre baseload. Effective March 24, 2016, Sundance PPA is no longer a part of Capital Power's baseload generation due to termination of the Sundance PPA.

# Q1/17 performance vs. annual targets

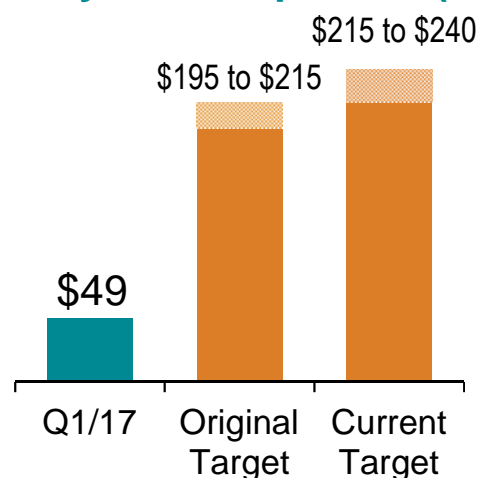
## Facility availability



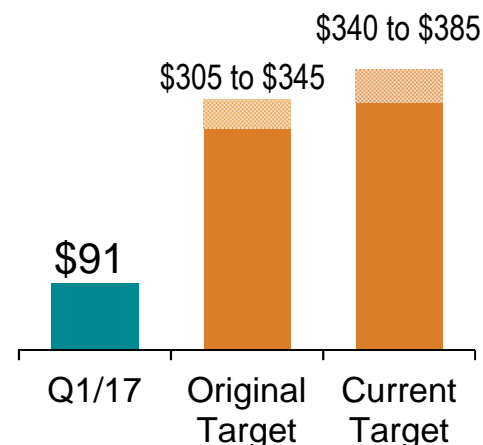
## Sustaining capex (\$M)



## Facility O&M expenses (\$M)



## AFFO (\$M)



**12% increase in 2017 AFFO revised guidance due to acquisitions<sup>(1)</sup>**

1) 12% increase based on the mid-point of AFFO guidance ranges.



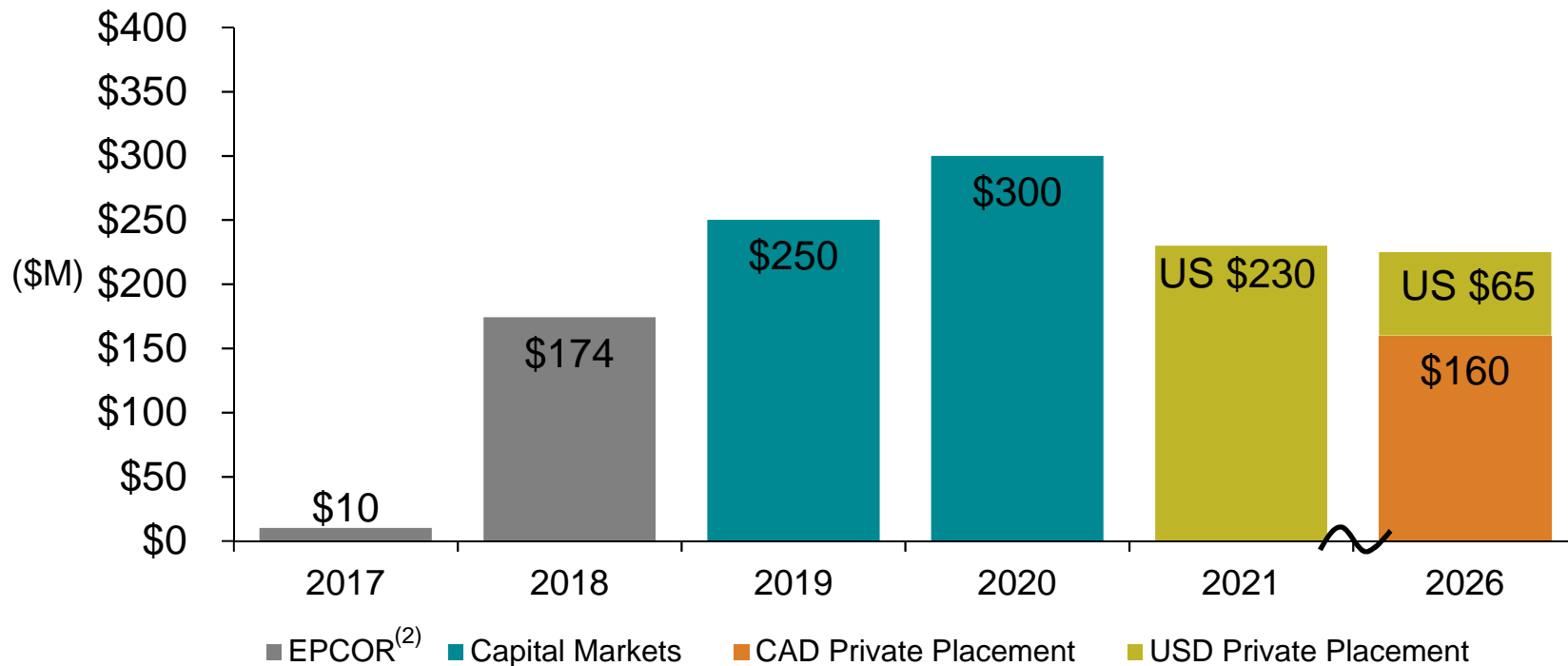
# Attractive investment opportunity

- **Leverage to Alberta power market** – ownership interest in the most competitive fleet of assets with a solid track record of value-added portfolio optimization trading
- **Executing on growth** – well-positioned for success in the renewables opportunities in Alberta and a strong pipeline of growth opportunities in the U.S.
- **Increasing long-term contracted Adjusted EBITDA profile** – targeting 80% in 2017 from 66% in 2016
- **Diversification** – continue to grow contracted cash flows outside of Alberta providing geographical diversification
- **Financial coverage** – maintain 100% coverage of financial obligations and dividends from a growing base of contracted cash flows
- **Attractive income profile** – approximate 6% dividend yield with a 7% annual dividend growth target for 2017 and 2018

# { Appendices

# Debt maturity schedule<sup>(1)</sup>

**\$1B in committed credit facilities renewed with 5-year tenor maturing 2021, of which ~\$526M available in 2017<sup>(1)</sup>**



***Well spread-out debt maturities are supported by long asset lives***

1) Debt amount as of March 31, 2017 excludes non recourse debt, credit facility debt, and tax-equity financing. Amount available on credit facilities as of April 30/17.

2) EPCOR callable debt of \$184 million is shown based on maturity dates in 2017 and 2018.

# Summary of assets

	Alberta Contracted		Alberta Commercial						
	Genesee 1	Genesee 2	Genesee 3	Keephills 3	Joffre	Clover Bar Energy Centre	Clover Bar Landfill	Halkirk	Shepard Energy Centre
<b>Capacity</b>	430 MW	430 MW	516 MW	516 MW	480 MW	243 MW	5 MW	150 MW	800 MW
<b>% owned / operated</b>	100 / 100	100 / 100	50 / 100	50 / 0	40 / 0	100 / 100	100 / 100	100 / 100	50% / 0%
<b>Location</b>	Warburg	Warburg	Warburg	Wabamun	Joffre	Edmonton	Edmonton	Halkirk	Calgary
<b>Fuel &amp; equipment</b>	Coal (50% ownership of coal mine)	Coal (50% ownership of coal mine)	Coal (50% ownership of coal mine)	Coal	Natural gas	Natural gas (Two 100 MW GE LMS100 turbines; 43 MW GE LM6000)	Landfill gas	Vestas wind turbines	Natural gas
<b>Commercial Operations</b>	1994	1989	2005	2011	2000	Unit 1 in 2008; units 2&3 in 2009	2005	2012	2015
<b>PPA Expiry</b>	2020	2020	Merchant	Merchant	Primarily merchant with some revenues under contract	Merchant	Merchant	Large portion of total revenues from 20-year REC sale agreement / Merchant	20-year tolling agreement on 50% of Capital Power's output

# Summary of assets

	Ontario & British Columbia Contracted								
	Island Generation	Quality Wind	Savona	150 Mile House	Port Dover & Nanticoke	Kingsbridge 1	K2 Wind	York Energy	East Windsor
<b>Capacity</b>	275 MW	142 MW	5 MW	5 MW	105 MW	40 MW	270 MW	400 MW	84 MW
<b>% owned / operated</b>	100 / 100	100 / 100	100 / 0	100 / 0	100 / 100	100 / 100	33.3% owned	50 / 100	100 / 100
<b>Location</b>	Campbell River, BC	Tumbler Ridge, BC	BC	BC	Counties of Norfolk and Haldimand, Ontario	Goderich, Ontario	Ashfield-Colborne-Wawanosh, Ontario	Township of King, Ontario	Windsor, Ontario
<b>Fuel &amp; equipment</b>	Natural gas (Alstom GT24B gas turbine & Alstom steam turbine)	Vestas wind turbines	Waste Heat	Waste Heat	Vestas wind turbines	Vestas wind turbines	Siemens wind turbines	Natural gas	Natural gas
<b>Commercial Operations</b>	2002	2012	2008	2008	2013	2006, 2001	2015	2012	2009
<b>PPA Expiry</b>	2022	2037	2028	2028	2033	2026 / 2027	2035	2032	2029

# Summary of assets

	U.S. Contracted					
	Roxboro	Southport	Macho Springs	Beaufort Solar	Decatur	Bloom Wind
<b>Capacity</b>	46 MW	88 MW	50 MW	15 MW	795 MW	178 MW
<b>% owned / operated</b>	100 / 100	100 / 100	100 / 100	100 (sale & leaseback) / 100	100 / 100	100 / 100
<b>Location</b>	Roxboro, North Carolina	Southport, North Carolina	Luna County, New Mexico	Beaufort County, North Carolina	Decatur, Alabama	Ford and Clark Counties, Kansas
<b>Fuel &amp; equipment</b>	Mixture of wood residuals, tire-derived fuel and coal	Mixture of wood residuals, tire-derived fuel and coal	Vestas wind turbines	Solar	Natural gas	Vestas wind turbines
<b>Commercial Operations</b>	1987	1987	2011	2015	2002	2017
<b>PPA Expiry</b>	2021	2021	2031	2030	2022	2027

# Projects under development/construction

	Alberta Commercial	Alberta Contracted	
	Genesee 4&5	Halkirk 2	Whitla Wind
<b>Capacity</b>	Up to 1,060 MW	150 MW	300 MW
<b>% owned / operated</b>	50 / 100	100 / 100	100 / 100
<b>Location</b>	Warburg	Halkirk	Medicine Hat
<b>Fuel &amp; equipment</b>	Combined-cycle natural gas (Mitsubishi J-Class natural gas turbine technology)	Wind	Wind
<b>Commercial Operations</b>	To be determined		
<b>PPA Expiry</b>	8-year tolling arrangement with ENMAX for 50% of Capital Power's share of the output.		
<b>Expected Capital Cost</b>	\$1.4B for total project (excluding interest during construction and refundable transmission system contribution payments)		



# Non-GAAP financial measures

The Company uses (i) earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense from joint venture interest, and gains or losses on disposals (adjusted EBITDA), (ii) adjusted funds from operations, (iii) normalized earnings attributable to common shareholders, and (iv) normalized earnings per share as financial performance measures.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of the Company, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of the Company's results of operations from management's perspective.

Reconciliations of these non-GAAP financial measures are contained in the Company's Management's Discussion and Analysis prepared as of April 28, 2017 for the first quarter 2017, which is available under the Company's profile on SEDAR at [SEDAR.com](https://www.sedar.com) and on the Company's website at [capitalpower.com](https://www.capitalpower.com).

# Forward-looking information

Forward-looking information or statements included in this presentation and in responses to questions are provided to inform the Company's shareholders and potential investors about management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information includes expectations regarding:

- future revenues, expenses, earnings and adjusted funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- future dividend growth,
- the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions,
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings,
- future growth and emerging opportunities in the Company's target markets including the focus on certain technologies,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions,
- facility availability and planned outages,
- capital expenditures for facility maintenance and other (sustaining capital, future growth projects),
- the impact of environmental regulations on the Company, its businesses, accounting policies, and emissions compliance costs,
- the impact of the transition to a capacity market on the Company's future growth projects including the Genesee 4 and 5 project,
- expectations pertaining to the acquisition of thermal facilities regarding: (i) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (ii) the closing of the purchase of the waste-heat facilities,
- expectations pertaining to the amendment of the Genesee Coal Mine Joint Venture Agreement regarding reduction to Capital Power's cost of coal and expected enhancements to the Company's net income, adjusted EBITDA, net cash flows from operating activities and adjusted funds from operations,
- expectations pertaining to the acquisition of Decatur Energy and the subscription receipt offering regarding: (i) financing plans for the acquisition, (ii) closing of the acquisition and share issuance pertaining to the subscription receipt offering and the receipt of all regulatory approvals, (iii) financial impacts including expected impacts to adjusted funds from operations and adjusted EBITDA, and (iv) re-contracting of the facility, and
- impacts of future IFRS standards and amendments.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate including its review of purchased businesses and assets. The material factors and assumptions used to develop these forward-looking statements relate to:

- electricity and other energy prices,
- performance,
- business prospects and opportunities including expected growth and capital projects,
- status of and impact of policy, legislation and regulations,
- effective tax rates,
- other matters discussed under the Performance Overview and Outlook, and
- anticipated performance of the acquired thermal facilities and Decatur Energy.

Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from the Company's expectations. Such material risks and uncertainties are:

- changes in electricity prices in markets in which the Company operates,
- changes in energy commodity market prices and use of derivatives,
- regulatory and political environments including changes to environmental, financial reporting, market structure and tax legislation,
- generation facility availability and performance including maintenance of equipment,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and availability of fuel,
- ability to realize the anticipated benefits of the acquisitions,
- limitations inherent in the Company's review of purchased business and assets, and
- changes in general economic and competitive conditions.

See Risks and Risk Management in the Company's December 31, 2016 annual MD&A for further discussion of these and other risks. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the specified approval date. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

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