

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement (the "**Prospectus Supplement**"), together with the accompanying short form base shelf prospectus dated May 11, 2018 to which it relates, as amended or supplemented (the "**Prospectus**"), and each document incorporated by reference into this Prospectus Supplement and into the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "**PLAN OF DISTRIBUTION**".*

*These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S under the U.S. Securities Act). This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Series 11 Shares in the United States. See "**PLAN OF DISTRIBUTION**".*

Information has been incorporated by reference in this Prospectus Supplement and the Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Capital Power Corporation at Suite 1200, 10423-101 Street NW, Edmonton, Alberta, T5H 0E9, Telephone (1-866-896-4636) and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
TO THE SHORT FORM BASE SHELF PROSPECTUS DATED MAY 11, 2018**

New Issue

May 9, 2019



CAPITAL POWER CORPORATION

\$150,000,000

6,000,000 Cumulative Minimum Rate Reset Preference Shares, Series 11

This Prospectus Supplement qualifies the distribution (the "**Offering**") of 6,000,000 Cumulative Minimum Rate Reset Preference Shares, Series 11 (the "**Series 11 Shares**") of Capital Power Corporation (the "**Company**", and together with its subsidiaries, "**Capital Power**") at a price of \$25.00 per Series 11 Share. See "**DETAILS OF THE OFFERING**" and "**PLAN OF DISTRIBUTION**".

The holders of the Series 11 Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Company (the "**Board of Directors**"), payable quarterly on the last business day of each of March, June, September and December at an annual rate of \$1.4375 per Series 11 Share for the initial period from and including the Closing Date (as defined herein) to, but excluding, June 30, 2024 (the "**Initial Fixed Rate Period**"). The initial dividend, if declared, will be payable on June 28, 2019 and will be \$0.1772 per Series 11 Share, based on the anticipated closing of the Offering on May 16, 2019.

For each five-year period after the Initial Fixed Rate Period (each, a "**Subsequent Fixed Rate Period**"), the holders of the Series 11 Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last business day of each of March, June, September and December at the Annual Fixed Dividend Rate (as defined herein). The Company will determine on the 30th day prior to the first day of a Subsequent Fixed Rate Period, the annual fixed dividend rate applicable to that Subsequent Fixed Rate Period (the "**Annual Fixed Dividend Rate**"). Written notice of the Annual Fixed Dividend Rate for the upcoming Subsequent Fixed Rate Period will be provided by the Company to the registered holders on the 30th day prior to the first day of a Subsequent Fixed Rate Period. The Annual Fixed Dividend Rate will be equal to the sum of the Government of Canada Bond Yield (as defined herein) on the 30th day prior to the first day of a Subsequent Fixed Rate Period plus 4.15%, provided that, in any event, such rate shall not be less than 5.75%. See "**DETAILS OF THE OFFERING**".

Option to Convert into Cumulative Floating Rate Preference Shares, Series 12

Holders of the Series 11 Shares will have the right, at their option, to convert their Series 11 Shares into Cumulative Floating Rate Preference Shares, Series 12 (the "**Series 12 Shares**") on the basis of one Series 12 Share for each Series 11 Share, subject to certain conditions, on June 30, 2024 and on June 30 every five years thereafter. Series 12 Shares will be entitled to floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last business day of each of March, June, September and December in an amount per Series 12 Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate for any Quarterly Floating Rate Period (as defined herein) will be equal to the sum of the T-Bill Rate (as defined herein) plus 4.15% per annum (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365 or 366, depending upon the actual number of days in the applicable year) determined on the Floating Rate Calculation Date (as defined herein). See "*DETAILS OF THE OFFERING*".

The Series 11 Shares and Series 12 Shares are series of shares in the same class. The conversion right entitles holders to elect periodically which of the two series they wish to hold and does not entitle holders to receive a different class or type of securities. Other than the different dividend rights and redemption rights attached thereto, the Series 11 Shares and Series 12 Shares are identical in all material respects.

The Series 11 Shares will not be redeemable by the Company prior to June 30, 2024. On June 30, 2024 and on June 30 every five years thereafter, subject to certain other restrictions set out in "*DETAILS OF THE OFFERING – Provisions Common to the Series 11 Shares and the Series 12 Shares – Restrictions on Dividends and Retirement of Shares*", the Company may, at its option, upon not less than 30 days and not more than 60 days prior written notice to the holders of the Series 11 Shares, redeem all or any number of the outstanding Series 11 Shares by the payment of \$25.00 in cash per Series 11 Share together with all declared and unpaid dividends to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Company). See "*DETAILS OF THE OFFERING*".

The Series 11 Shares and the Series 12 Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See "*RISK FACTORS*". The Series 11 Shares and the Series 12 Shares do not carry voting rights (except under limited circumstances) but rank senior to the common shares ("**Common Shares**") and the special limited voting share (the "**Special Limited Voting Share**") of the Company and rank pari passu with each other and all other series of cumulative redeemable preference shares of the Company (the "**Preference Shares**"), including the Cumulative Rate Reset Preference Shares, Series 1 (the "**Series 1 Shares**"), the Cumulative Floating Rate Preference Shares, Series 2 (the "**Series 2 Shares**"), the Cumulative Rate Reset Preference Shares, Series 3 (the "**Series 3 Shares**"), the Cumulative Floating Rate Preference Shares, Series 4 (the "**Series 4 Shares**"), the Cumulative Rate Reset Preference Shares, Series 5 (the "**Series 5 Shares**"), the Cumulative Floating Rate Preference Shares, Series 6 (the "**Series 6 Shares**"), the Cumulative Minimum Rate Reset Preference Shares, Series 7 (the "**Series 7 Shares**"), the Cumulative Floating Rate Preference Shares, Series 8 (the "**Series 8 Shares**"), the Cumulative Minimum Rate Reset Preference Shares, Series 9 (the "**Series 9 Shares**") and the Cumulative Floating Rate Preference Shares, Series 10 (the "**Series 10 Shares**") with respect to the payment of dividends and the distribution of the assets of the Company on the liquidation, dissolution or winding-up of the Company. As at May 9, 2019, the issued and outstanding capital of the Company consists of 5,000,000 Series 1 Shares, 6,000,000 Series 3 Shares, 8,000,000 Series 5 Shares, 8,000,000 Series 7 Shares, 6,000,000 Series 9 Shares, 102,179,171 Common Shares and one Special Limited Voting Share. Certain provisions relating to the Preference Shares as a class, the Series 11 Shares and the Series 12 Shares are summarized under "*DETAILS OF THE OFFERING*". Certain provisions of the Common Shares, the Special Limited Voting Share, Series 1 Shares, Series 3 Shares, Series 5 Shares, Series 7 Shares and Series 9 Shares are summarized in the AIF (as defined herein).

S&P Global Ratings ("**S&P**") has assigned a provisional rating of P-3 for the Series 11 Shares and DBRS Limited ("**DBRS**") has assigned a provisional rating of Pfd-3 (low) with a stable trend for the Series 11 Shares. See "*PREFERRED SHARE RATINGS*".

**Price: \$25.00 per Series 11 Share to yield
initially 5.75% per annum**

	Price to the Public	Underwriters' fee⁽¹⁾	Net Proceeds to the Company⁽¹⁾⁽²⁾⁽³⁾
Per Series 11 Share	\$25.00	\$0.75	\$24.25
Total	\$150,000,000	\$4,500,000	\$145,500,000

Notes:

- (1) The Underwriters' fee for the Series 11 Shares is \$0.25 for each share sold to certain institutions by closing of the Offering, and \$0.75 per share for all other Series 11 Shares purchased by the Underwriters (as defined herein). The Underwriters' fee indicated in the table assumes that no Series 11 Shares are sold to such institutions.
- (2) Before deducting expenses of the Offering, estimated to be \$500,000 which, together with the Underwriters' fee, will be paid from the proceeds of the Offering.
- (3) The Company has granted to the Underwriters an option (the "**Underwriters' Option**"), exercisable in whole or in part at any time up to two business days prior to the closing of the Offering, to purchase up to 2,000,000 additional Series 11 Shares (the "**Additional Series 11 Shares**") at a price of \$25.00 per share. If the Underwriters' Option is exercised in full, the total "Price to the Public", "Underwriters' fee" and "Net Proceeds to the Company" will be \$200,000,000, \$6,000,000 and \$194,000,000, respectively. See "*PLAN OF DISTRIBUTION*". The Prospectus, as supplemented by this Prospectus Supplement, qualifies the grant of the Underwriters' Option and the distribution of the Additional Series 11 Shares issuable on the exercise of the Underwriters' Option. References to Series 11 Shares include any Additional Series 11 Shares unless otherwise noted or unless the context precludes such inclusion. A purchaser who acquires Series 11 Shares pursuant to the exercise of the Underwriters' Option acquires those securities under the Prospectus, as supplemented by this Prospectus Supplement.

The following table sets out the number of Additional Series 11 Shares that may be issued by the Company pursuant to the Underwriters' Option.

Underwriters' Position	Number of Additional Series 11 Shares Available	Exercise Period	Exercise Price
Underwriters' Option	2,000,000	At any time up to two business days prior to the closing of the Offering	\$25.00 per share

There is currently no market through which the Series 11 Shares or the Series 12 Shares may be sold and purchasers may not be able to resell the Series 11 Shares purchased under this Prospectus Supplement or the Series 12 Shares. This may affect the pricing of the Series 11 Shares or the Series 12 Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series 11 Shares or the Series 12 Shares, and the extent of issuer regulation. See "*RISK FACTORS*".

The Toronto Stock Exchange (the "**TSX**") has conditionally approved the listing of the Series 11 Shares and Series 12 Shares described in this Prospectus Supplement. Listing of the Series 11 Shares is subject to the Company fulfilling all the listing requirements of the TSX on or before August 7, 2019, including distribution of the Series 11 Shares and, at the time of any conversion into Series 12 Shares, the Series 12 Shares, to a minimum number of public securityholders.

The terms of the Offering were determined by negotiation between the Company and TD Securities Inc. and RBC Dominion Securities Inc., on their own behalf and on behalf of BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., Industrial Alliance Securities Inc. and Raymond James Ltd. (collectively, the "**Underwriters**"). **The Underwriters may offer the Series 11 Shares at a price lower than that stated above. See "*PLAN OF DISTRIBUTION*".**

Subject to applicable laws, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 11 Shares at levels other than that which otherwise might prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "*PLAN OF DISTRIBUTION*".

The Underwriters, as principals, conditionally offer the Series 11 Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*PLAN OF DISTRIBUTION*" and subject to approval of certain legal matters on behalf of the Company by Borden Ladner Gervais LLP, and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

Each of TD Securities Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Scotia Capital Inc. is, directly or indirectly, a wholly-owned subsidiary or an affiliate of a Canadian chartered bank or other financial institution that is a lender to Capital Power. Also, two directors of the Company are also directors of an Affiliate Lender (as defined herein). Consequently, the Company may be considered to be a connected issuer of such Underwriters for the purposes of securities regulations in certain provinces of Canada. See "*RELATIONSHIP BETWEEN THE COMPANY AND THE UNDERWRITERS*".

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, subject to the provisions of any particular plan, the Series 11 Shares, if issued on the date hereof, generally would be qualified investments under the Tax Act (as defined herein) for certain tax-exempt trusts. See "*ELIGIBILITY FOR INVESTMENT*".

Investing in the Series 11 Shares or Series 12 Shares involves certain risks. See "*RISK FACTORS*" in the Prospectus and in this Prospectus Supplement.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Series 11 Shares and Series 12 Shares will be represented in either certificated or non-certificated form registered in the name of CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee under the book-entry only system administered by CDS (the "**Book-Entry Only System**"). A purchaser of Series 11 Shares will only receive a customer confirmation from the registered dealer that is a participant in CDS (a "**CDS Participant**") and from or through whom the Series 11 Shares are purchased.

Closing of the Offering is expected to occur on or about May 16, 2019 but in any event not later than May 23, 2019 (the date on which closing of the Offering occurs being referred to herein as the "**Closing Date**").

The head and registered office of the Company is located at Suite 1200, 10423 – 101 Street NW, Edmonton, Alberta, T5H 0E9.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Series 11 Shares and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information. **Capitalized terms used in this Prospectus Supplement that are not defined herein have the meanings ascribed thereto in the Prospectus.**

You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Company and the Underwriters have not authorized anyone to provide you with different or additional information. The Company and the Underwriters are not making an offer to sell the Series 11 Shares in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this Prospectus Supplement or the Prospectus, or any documents incorporated by reference herein or therein, is accurate as of any date other than the date on the front of those documents as the Company's business, operating results, financial condition and prospects may have changed since that date.

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus is determined using Part I of the Canadian Chartered Professional Accounting Handbook ("**GAAP**"). Unless the context otherwise requires, all references in this Prospectus Supplement to the "**Company**" mean Capital Power Corporation and all references to "**Capital Power**" mean the Company together with its subsidiaries.

NON-GAAP MEASURES

Certain information presented in, or incorporated by reference into, this Prospectus Supplement contains references to certain financial measures that do not have a standardized meaning prescribed by GAAP and may not be comparable

to similar measures presented by other enterprises. Non-GAAP measures used herein include adjusted funds from operations ("**AFFO**") and adjusted EBITDA (defined herein).

The Company uses AFFO as a financial performance measure to measure Capital Power's ability to generate cash from its current operating activities to fund growth capital expenditures, debt repayments and Common Share dividends to the Company's shareholders. The AFFO performance measure represents net cash flows from operating activities adjusted to include net finance expense and current income tax expense and exclude changes in operating working capital and distributions received from the Company's joint venture interests. Net finance expense and current income tax expense are included as the timing of cash receipts and payments of interest and income taxes and the resulting cash basis amounts are not comparable from period to period. Changes in operating working capital are excluded from AFFO as the timing of cash receipts and payments also affects the period-to-period comparability. Distributions received from the Company's joint venture interests are excluded as the distributions are calculated after the effect of joint venture debt payments, which are not considered operating activities. AFFO is reduced by the tax equity financing project investors' shares of AFFO associated with assets under tax equity financing structures to ensure that only the Company's share is reflected in the overall metric. AFFO also excludes the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to the Company's bank margin account held with a specific exchange counterparty. AFFO is reduced by sustaining capital expenditures and preferred share dividends and adjusted to include the Company's share of the AFFO of its joint venture interests and cash from coal compensation that will be received annually.

The Company uses earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense and depreciation expense from its joint venture interests, gains or losses on disposals and unrealized changes in the fair value of commodity derivatives and emission credits ("**adjusted EBITDA**") to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations such as impairments, foreign exchange gains or losses and gains or losses on disposals are excluded from the adjusted EBITDA measure. Commencing with the Company's March 31, 2019 quarter-end, adjusted EBITDA excludes unrealized changes in fair value of commodity derivatives and emission credits which were previously included in adjusted EBITDA. This change was made to better align the Company's measure of adjusted EBITDA with its other non-GAAP measures, as both the adjusted funds from operations and the normalized earnings per share measures exclude the impacts of unrealized changes in fair value of commodity derivatives and emission credits. This change also results in improved period over period comparability of adjusted EBITDA.

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. AFFO and adjusted EBITDA should not be considered alternatives to net cash flows from operating activities and net income, respectively, calculated in accordance with GAAP. Rather, these measures are provided to complement the nearest GAAP measures in the analysis of the Company's results of operations from management's perspective.

A reconciliation of the increase in net cash flows from operating activities to the increase in AFFO resulting from the Acquisition (as defined herein) is as follows:

(unaudited, \$ millions)	First full year of operations
Increase in net cash flows from operating activities resulting from the Acquisition	57
Add items included in calculation of net cash flows from operating activities:	
Interest paid	54
Income taxes paid	12
	66
Net finance expense	(45)
Current income tax expense	(12)
Sustaining capital expenditures	(7)
Preferred share dividends paid	(9)

Increase in AFFO resulting from the Acquisition	50
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A reconciliation of the increase in net income to the increase in adjusted EBITDA resulting from the Acquisition is as follows:

(unaudited, \$ millions)	First full year of operations
Increase in adjusted EBITDA resulting from the Acquisition	124
Depreciation and amortization ⁽¹⁾	(60)
Net finance expense	(45)
Income tax expense	(5)
Increase in net income resulting from the Acquisition	14

Notes:

(1) Based on assumptions relating to estimated purchase price adjustments pursuant to the Acquisition Agreement. See "*FORWARD-LOOKING INFORMATION*" and "*RECENT DEVELOPMENTS – Acquisition of Goreway Power*".

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is incorporated by reference into the Prospectus as of the date hereof and only for the purposes of the distribution of the Series 11 Shares offered hereby. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details. See "*DOCUMENTS INCORPORATED BY REFERENCE*" in the Prospectus. As of the date hereof, the following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into and form an integral part of this Prospectus Supplement and the Prospectus:

- (a) the Company's annual information form (the "**AIF**") dated February 19, 2019 for the year ended December 31, 2018;
- (b) the Company's management information circular dated March 1, 2019 relating to the annual meeting of common shareholders of the Company held on April 26, 2019;
- (c) the Company's audited consolidated financial statements as at and for the year ended December 31, 2018, together with the auditors' report thereon;
- (d) the management's discussion and analysis of the Company for the year ended December 31, 2018 (the "**Annual MD&A**");
- (e) the Company's unaudited condensed interim consolidated financial statements as at and for the three-month period ended March 31, 2019;
- (f) the management's discussion and analysis of the Company for the three month period ended March 31, 2019 (the "**Interim MD&A**", and together with the Annual MD&A, the "**MD&A**"); and
- (g) the "template version" (as such term is defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet for the Offering filed on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") on May 7, 2019.

In addition, any template version of any other "marketing materials" (as such term is defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof but prior to the termination of the distribution, is deemed to be incorporated by reference herein.

All material change reports (excluding confidential material change reports), annual information forms, annual financial statements and any auditors' report thereon and related management's discussion and analysis, interim financial statements and related management's discussion and analysis, information circulars, business acquisition reports, any news release issued by the Company that specifically states that it is to be incorporated by reference in this Prospectus Supplement and any other documents as may be required to be incorporated by reference herein under Canadian securities legislation which are filed by the Company with a securities commission or any similar authority in Canada after the date of this Prospectus Supplement and prior to the completion or termination of the Offering shall be deemed to be incorporated by reference into the Prospectus and this Prospectus Supplement.

Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement or the Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded and not incorporated by reference, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded thereafter shall not constitute a part of this Prospectus Supplement or the Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The template version of the term sheet for the Offering or any template version of any other marketing materials used in connection with the Offering does not form part of this Prospectus Supplement to the extent that the contents of the template version of such marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement.

FORWARD-LOOKING INFORMATION

Certain information in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein and therein is forward-looking information within the meaning of Canadian securities laws as it relates to anticipated financial or operating performance, events or strategies. When used in this context, words such as "anticipate", "believe", "continue", "estimate", "plan", "intend", "expect", "target" and "will" or similar words suggest future outcomes. By their nature, such statements are subject to significant risks, assumptions and uncertainties, which could cause the Company's actual results and experience to be materially different than the anticipated results. Forward-looking information or statements included in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein and therein are provided to inform the Company's shareholders and potential investors about management's assessment of the Company's future plans and operations. This information may not be appropriate for other purposes.

Forward-looking information in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein and therein includes, among other things, information relating to: (i) expectations regarding the timing of, funding of, generation capacity of, costs for, technology selected for or commercial arrangements regarding existing, planned and potential development projects and acquisitions including the Acquisition; (ii) expectations regarding revenues generated by existing facilities or facilities in development, including expected impacts to net income, adjusted EBITDA, net cash flows from operating activities and adjusted funds from operations; (iii) expectations regarding future growth and emerging opportunities in Capital Power's target markets including the focus on certain technologies; (iv) expectations regarding availability of fuel supply; (v) expectations regarding the timing or outcome of applications for permits or licenses, or other regulatory proceedings; (vi) the expected impact of the regulations under the *Canadian Environmental Protection Act, 1999* (Canada) relating to greenhouse gas emissions and other regulations announced by the Government of Canada, the Climate Leadership Plan announced by the Government of Alberta and other environmental regulations on Capital Power's power plants, including compliance costs and the useful lives of power plants and any conversions; (vii) expectations regarding proposed new

environmental regulations, including the timing of such regulations coming into force, and the impact of current and new environmental regulations on Capital Power's business, including, but not limited to, Capital Power's compliance costs; (viii) expectations regarding the timing for Capital Power to receive the majority of benefits from certain projects subject to tax equity financing arrangements; (ix) expectations regarding the timing of collective bargaining, or the timing, effect or implementation of collective agreements; (x) expectations regarding proposed Alberta renewable energy program procurement and new power market or energy resource regulations, such as the proposed capacity market in Alberta, including the timing of such regulations coming into force, and the impact of current and new power market or energy resource regulations on Capital Power; (xi) the timing, imposition and impact of taxes on Capital Power; (xii) expectations related to Capital Power's future cash requirements including interest and principal repayments, capital expenditures and dividends and distributions; (xiii) expectations for Capital Power's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings; (xiv) expectations regarding power requirements and demand in Capital Power's target markets; (xv) expectations around the line loss rule proceeding, including timing of retroactive loss factors being finalized, participation in the applicable appeal process and potential impacts to the Company; (xvi) expectations regarding Capital Power's intention to acquire Common Shares pursuant to its normal course issuer bid; (xvii) statements pertaining to Pacific Gas and Electric Company's U.S. bankruptcy proceedings and management's assessment of the potential financial impact of the outcome of such proceedings on the Company; (xviii) expectations related to future revenue, expenses, earnings and funds from operations; (xix) expectations regarding the future pricing of electricity and market fundamentals in existing and target markets; (xx) expectations regarding future dividend growth; (xxi) expectations regarding plant availability and planned outages; (xxii) expectations related to market stabilization activities by the Underwriters and the market price of the Series 11 Shares and Series 12 Shares; (xxiii) expectations regarding the closing of the Offering; (xxiv) expectations regarding the listing of the Series 11 Shares and Series 12 Shares on the TSX; (xxv) expectations regarding the financial impact of the Acquisition on the Company's operations, financial condition, access to capital and overall strategy, including accretion in AFFO and earnings and adjusted EBITDA contributions; (xxvi) expectations regarding contracted cash flows; (xxvii) expectations regarding the re-contracting of the Goreway Facility; (xxviii) expectations regarding the Company's financing plans of the Acquisition; (xxix) expectations regarding interim financial results compared to Company and market expectations and the timing of such results; (xxx) expectations regarding the closing of the Acquisition and receipt of any key regulatory approvals thereof and the timing thereof; (xxxi) expectations regarding the ratings applied to the Series 11 Shares and Series 12 Shares; and (xxxii) expectations regarding the exercise of the Underwriters' Option and the receipt of all regulatory approvals for the Offering.

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 and expected future developments, and other factors it believes are appropriate. The material factors and assumptions used to develop these forward-looking statements relate to: (i) electricity and other energy prices; (ii) Company performance; (iii) business prospects and opportunities including expected growth and capital projects; (iv) status of and impact of policy, legislation and regulations; (v) effective tax rates; and (vi) assumptions relating to estimated purchase price adjustments pursuant to the terms of the Acquisition Agreement.

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: (i) power plant availability and performance including maintenance expenditures; (ii) changes in electricity prices in markets in which the Company operates; (iii) regulatory and political environments including changes to environmental, financial reporting and tax legislation; (iv) acquisitions and developments including timing and costs of regulatory approvals and construction; (v) ability to fund current and future capital and working capital needs; (vi) changes in energy commodity market prices and use of derivatives; (vii) changes in market prices and availability of fuel; (viii) changes in general economic and competitive conditions; (ix) the outcome of the line loss rule proceeding; (x) limitations inherent in the Company's review of the Acquisition and the Goreway Facility; and (xi) ability to realize the anticipated benefits of the Acquisition. See "*RISK FACTORS*" in this Prospectus Supplement and see "*Risks and Risk Management*" in the Company's Annual MD&A which is incorporated herein by reference for further discussion of these and other risks.

This Prospectus Supplement contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Company's prospective adjusted EBITDA and AFFO and the components thereof,

all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this Prospectus Supplement was made as of the date of this Prospectus Supplement and was provided for the purpose of describing the anticipated effects of the Offering and the Acquisition on the Company's business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus Supplement, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Prospectus Supplement should not be used for purposes other than for which it is disclosed herein. See "*RISK FACTORS*".

Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date made. 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.

CAPITAL POWER CORPORATION

The Company was incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on May 1, 2009. The Company's articles were amended on May 6, 2009, June 16, 2009, July 7, 2009, December 10, 2010, December 14, 2012, March 11, 2013, May 4, 2016, September 28, 2016, July 31, 2017 and May 9, 2019 to, in the latter case, among other things, create the classes of shares described in this Prospectus Supplement.

Capital Power is a growth-oriented North American power producer headquartered in Edmonton, Alberta. Capital Power develops, acquires, owns and operates power generation facilities using a variety of energy sources. Capital Power currently owns approximately 5,100 megawatts ("**MW**") of power generation capacity at 25 facilities and is pursuing contracted generation capacity throughout North America.

RECENT DEVELOPMENTS

Acquisition of Goreway Power

On April 29, 2019, the Company and an indirect wholly-owned subsidiary of the Company (the "**Purchaser**") entered into an agreement (the "**Acquisition Agreement**") with affiliates of JERA Co. Inc. and Toyota Tsusho Corporation (collectively, the "**Vendor**"), pursuant to which the Purchaser agreed to acquire from the Vendor all of the shares of Goreway Power Station Holdings Inc., which indirectly owns the Goreway Power Station (the "**Goreway Facility**"), for a purchase price of approximately \$387 million in total cash consideration, subject to working capital and other closing adjustments, and the assumption of approximately \$590 million of project level indebtedness of the acquired entity and its subsidiaries (the "**Acquisition**"). The Acquisition is expected to close in the second quarter of 2019, subject to regulatory approvals and other customary closing conditions.

Description of the Facility

The acquisition of the Goreway Facility is a strategic fit to the Company's growth plans as it significantly increases the Company's gas-fired operating capabilities and scale in the Ontario market and strengthens the Company's contracted cash flow profile out to 2029. The Goreway Facility is a natural gas-fired combined cycle plant with a nameplate capacity of 875 MW located in the Greater Toronto Area. The Goreway Facility features combined-cycle technology that has three General Electric combustion turbines, three Hamon Deltak heat recovery steam generators and a single Siemens steam turbine. The Goreway Facility has a 20-year Accelerated Clean Energy Supply Contract expiring in June 2029 with the Ontario Independent Electricity System Operator ("**IESO**").

The Goreway Facility is expected to generate approximately \$124 million of adjusted EBITDA and \$50 million of AFFO in 2020. For the 2020 to 2023 period, average annual adjusted EBITDA and AFFO are estimated to be \$127 million and \$56 million, respectively. Based on expected financing arrangements, the Acquisition is expected to be \$0.27 accretive to AFFO per share in 2020 representing growth of approximately 6%. See "*NON-GAAP MEASURES*".

In addition, the Company has revised its 2019 financial target ranges to incorporate the Acquisition of the Goreway Facility as follows:

- AFFO of \$485 million to \$535 million (\$460 million to \$510 million previously); and
- Adjusted EBITDA of \$870 million to \$920 million (\$800 million to \$850 million previously). See "*NON-GAAP MEASURES*".

Acquisition Agreement

Under the Acquisition Agreement, the Purchaser and the Vendor have each made customary representations, warranties and covenants. Subject to certain limitations, the Purchaser and the Vendor are liable to each other for certain indemnifiable losses incurred by reason of the breach of the respective representations, warranties and covenants contained in the Acquisition Agreement. The obligations of the Purchaser under the Acquisition Agreement are guaranteed by the Company.

The Acquisition Agreement provides that the Purchaser's and the Vendor's obligations to complete the Acquisition are subject to the fulfillment of a number of customary conditions, each of which may be waived, in whole or in part, by the party to whom such condition applies, including as to the accuracy of representations and warranties and performance of covenants, the receipt of standard consents and approvals (including consents required from IESO and approvals required under the *Competition Act* (Canada) (the "**Competition Act**") and that no "material adverse effect" (as defined in the Acquisition Agreement) has occurred.

The Acquisition Agreement may be terminated any time prior to the closing of the Acquisition in certain circumstances, including the following: (i) by the Purchaser or the Vendor if the closing of the Acquisition has not occurred within six months following the date of the Acquisition Agreement, provided that the parties may extend such deadline by an additional three months if the delay is due to outstanding governmental permits or approvals; (ii) by the Purchaser or the Vendor if the other party has breached its covenants, agreements or other obligations and such breach has not been cured within a specified period of time; (iii) by the Purchaser or the Vendor if a governmental authority has issued an order prohibiting or restricting the transactions contemplated by the Acquisition Agreement; (iv) by mutual written consent of the Purchaser and the Vendor; or (v) by the Vendor if the Purchaser has not made application for approval under the Competition Act within 10 business days of the date of the Acquisition Agreement.

In the event that the Acquisition is terminated due to the Purchaser failing to obtain approval under the Competition Act, the Purchaser is required to pay a termination fee to the Vendor in the amount of \$25 million. If the Acquisition Agreement is terminated by the Vendor due to a breach of a representation, warranty or covenant by the Purchaser or the Purchaser failing to make application for approval under the Competition Act within the required time period, then the Purchaser is required to pay the Vendor a termination fee of \$40 million.

Financing the Acquisition

The cash portion of the purchase price of the Acquisition will be financed at the closing of the Acquisition with a combination of some or all of the following: (i) net proceeds of the Subscription Receipt Offering (as defined herein); (ii) net proceeds of the Offering; (iii) amounts drawn under credit facilities in favour of the Company and its subsidiaries; and (iv) existing cash on hand and other sources available to the Company.

Subscription Receipt Offering

In conjunction with the Acquisition, the Company announced that it entered into an agreement with a syndicate of underwriters co-led by RBC Dominion Securities Inc. and TD Securities Inc. to issue 4,300,000 subscription receipts ("**Subscription Receipts**") on a bought deal basis at an issue price of \$30.30 per subscription receipt (the "**Subscription Receipt Issue Price**") for aggregate gross proceeds of \$130,290,000 (the "**Subscription Receipt Offering**"). The Company has also granted the underwriters an over-allotment option (the "**Subscription Receipt Over-allotment Option**") to purchase up to an additional 645,000 Subscription Receipts at the Subscription Receipt Issue Price, exercisable no later than 30 days after the closing of the Subscription Receipt Offering.

Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, upon closing of the Acquisition, one Common Share. In addition, while the Subscription Receipts remain outstanding, holders will be entitled to receive cash payments per Subscription Receipt equal to dividends

declared by the Company on each Common Share, subject to the terms and conditions applicable to the Subscription Receipts.

The Company issued 4,300,000 Subscription Receipts pursuant to the closing of the Subscription Receipt Offering on May 8, 2019.

USE OF PROCEEDS

The estimated net proceeds to the Company from the sale of the Series 11 Shares offered hereunder will be approximately \$145,000,000 after deducting the Underwriters' fee of \$4,500,000 and the estimated expenses of the Offering of \$500,000, assuming that the Underwriters' Option is not exercised and that no Series 11 Shares are sold to certain institutions. Assuming the Underwriters' Option is exercised in full and Series 11 Shares are not sold to certain institutions (resulting in different fees being payable), the net proceeds of the Offering, determined after deducting the Underwriters' fee and estimated expenses of the Offering, are expected to be approximately \$193,500,000. See "*PLAN OF DISTRIBUTION*".

The Company intends to use the net proceeds raised under the Offering initially to repay indebtedness under its credit facilities which will then be available to be redrawn to partially fund the Acquisition and for general corporate purposes

In addition, while the Company intends to use the net proceeds of the Offering as stated above, there may be circumstances that are not known at this time where a reallocation of the net proceeds may be advisable for business reasons that management or the board of directors of the Company believe are in the Company's best interests.

See "*RECENT DEVELOPMENTS – Acquisition of Goreway Power*" and "*CONSOLIDATED CAPITALIZATION OF THE COMPANY*" and "*RELATIONSHIP BETWEEN THE COMPANY AND THE UNDERWRITERS*".

CONSOLIDATED CAPITALIZATION OF THE COMPANY

The following table sets forth (i) the consolidated capitalization of the Company as at March 31, 2019; and (ii) the *pro forma* consolidated capitalization of the Company as at March 31, 2019 after giving effect to the Offering, the Subscription Receipt Offering and the Acquisition, determined after deducting the Underwriters' fee and other expenses of the Offering.

	As at March 31, 2019 before giving effect to the Acquisition, Subscription Receipt Offering and Offering (\$millions)	As at March 31, 2019, after giving effect to the Acquisition, Subscription Receipt Offering and Offering excluding Underwriters' Option (\$ millions) ⁽¹⁾	As at March 31, 2019, after giving effect to the Acquisition, Subscription Receipt Offering and Offering including Underwriters' Option (\$ millions) ⁽¹⁾⁽²⁾
Loans and Borrowings (including current portion)	\$2,355	\$3,062	\$3,014
Non-controlling Interests	42	42	42
Preferred Shares	807	952	1,001
Shareholders' Equity	2,172	2,297	2,297
Total Equity	3,021	3,291	3,339
Total Capitalization	\$5,376	\$6,353	\$6,353

Notes:

- (1) Loans and borrowings assumes that: (i) the net proceeds of the Offering, after deducting the Underwriters' fee and estimated expenses of the Offering, are used at the closing of the Offering to repay indebtedness under Capital Power's credit facilities, (ii) the net proceeds of the Subscription Receipt Offering, assuming the Subscription Receipt Over-allotment Option is not exercised, in the amount of approximately \$124.7 million are used to fund a portion of the cash component of the purchase price of the Acquisition, (iii) indebtedness in the amount of \$262.3 million is incurred at closing of the Acquisition to fund a

portion of the cash component of the purchase price; and (iv) Capital Power assumes project level indebtedness of the acquired entity and its subsidiaries in the amount of approximately \$590 million. See "USE OF PROCEEDS".

(2) Assumes that the Underwriters' Option is exercised in full and the Subscription Receipt Over-allotment Option is not exercised.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated as of May 9, 2019 between the Company and the Underwriters, the Company has agreed to issue and sell an aggregate of 6,000,000 Series 11 Shares. The Underwriters have severally (and not jointly) agreed to purchase such Series 11 Shares on the Closing Date, subject to the terms and conditions contained in the Underwriting Agreement. The Company has granted to the Underwriters the Underwriters' Option, exercisable in whole or in part at any time up to two (2) business days prior to the Closing Date, to purchase up to 2,000,000 Additional Series 11 Shares at a price of \$25.00 per share. The Underwriting Agreement provides that the Company will pay the Underwriters an underwriting fee of \$0.25 per Series 11 Share sold to certain institutions and \$0.75 per Series 11 Share with respect to all other sales, in consideration of their services in connection with the Offering. The terms of the Offering were determined by negotiation between the Company and the Underwriters.

The obligations of the Underwriters are several and not joint and may be terminated at their discretion upon the occurrence of certain stated events, including if: (i) an enquiry, action, suit, investigation or other proceeding, whether formal or informal, is instituted, announced or threatened or any order is made by any federal, provincial or other Governmental Authority (as such term is defined in the Underwriting Agreement) in relation to Capital Power, or there is any change of law, or interpretation or administration thereof, or there is a suspension or material limitation, imposed by law or securities regulators, in trading in securities generally on the TSX or a general moratorium on commercial banking activities declared by Canadian or U.S. federal authorities or a material disruption in commercial banking or securities settlement or clearance services in Canada or the United States, which may operate to prevent or restrict the distribution or trading of the Series 11 Shares or which, in the reasonable opinion of any of the Underwriters, might be expected to have a significant adverse effect on the market price or value of the Series 11 Shares; (ii) there should develop, occur or come into effect or existence any event, action, state, condition or occurrence of national or international consequence or any governmental action, change of applicable law or regulation, inquiry or other occurrence of any nature whatsoever which, in the reasonable opinion of any of the Underwriters, seriously adversely affects, or may seriously adversely affect, the financial markets or the business, operations or affairs of Capital Power; (iii) there shall occur, be discovered by the Underwriters or be announced by the Company any material change or change in a material fact which, in the reasonable opinion of any of the Underwriters, is expected to result in the purchasers of a material number of Series 11 Shares exercising their right under applicable Canadian securities laws to withdraw from their purchase of Series 11 Shares, or is expected to have a significant adverse effect on the market price or value of the Series 11 Shares; (iv) the Acquisition Agreement has been terminated or materially amended; (v) there shall occur any downgrading in the credit rating of the Company from any designated rating organization, or if any such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its credit rating of the Company; (vi) by the Closing Date it shall occur that the Company has not confirmed in a form acceptable to the Underwriters, acting reasonably, that the Series 11 Shares have been assigned a final Canadian preferred share rating by S&P of P-3 or better and have been assigned a final rating by DBRS Limited of Pfd-3(low) with a Stable trend or better; or (vii) the Series 11 Shares have been placed on a ratings alert or other comparable downgrade warning by any of S&P or DBRS.

If an Underwriter fails or refuses to purchase the Series 11 Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Series 11 Shares, on a *pro rata* basis, provided that, if the aggregate number of Series 11 Shares not purchased is less than or equal to 10% of the aggregate number of Series 11 Shares agreed to be purchased by the Underwriters, then each of the other Underwriters is obligated to purchase severally the Series 11 Shares not taken up, on a *pro rata* basis or in such other proportion as they may otherwise agree as between themselves. The Underwriters are, however, obligated to take up and pay for all Series 11 Shares if any Series 11 Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the Company will indemnify the Underwriters and their respective affiliates and each of the directors, officers, agents and employees of the Underwriters against certain liabilities and expenses in connection with the Offering on customary terms and conditions.

The Underwriters propose to offer the Series 11 Shares initially at the offering price specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Series 11 Shares offered by this Prospectus Supplement at the price specified on the cover page of this Prospectus Supplement, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series 11 Shares is less than the gross proceeds paid by the Underwriters to the Company. Any such reduction will not affect the net proceeds received by the Company.

Subscriptions for Series 11 Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

There is currently no market through which the Series 11 Shares or Series 12 Shares may be sold and purchasers may not be able to resell the Series 11 Shares purchased under this Prospectus Supplement or the Series 12 Shares. See "RISK FACTORS". The TSX has conditionally approved the listing of the Series 11 Shares and Series 12 Shares described in this Prospectus Supplement. Listing of the Series 11 Shares is subject to the Company fulfilling all the listing requirements of the TSX on or before August 7, 2019, including distribution of the Series 11 Shares and, at the time of any conversion into Series 12 Shares, the Series 12 Shares, to a minimum number of public securityholders.

The Company has agreed that, subject to certain exceptions, during the period beginning on the Closing Date and ending on the date that is 90 days after the Closing Date, it shall not, directly or indirectly, without the prior written consent of TD Securities Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, whose consent shall not be unreasonably withheld, issue or sell or offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of (including, without limitation, by making any short sale, engaging in any hedging, monetization or derivative transaction or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Preference Shares (including Series 11 Shares or Series 12 Shares) or securities convertible into, exchangeable for, or otherwise exercisable into Preference Shares (including Series 11 Shares or Series 12 Shares), whether or not cash settled), in a public offering or by way of private placement or otherwise, any Preference Shares (including Series 11 Shares or Series 12 Shares) or other securities convertible into, exchangeable for, or otherwise exercisable into Preference Shares (including Series 11 Shares or Series 12 Shares), or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing.

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Series 11 Shares at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Series 11 Shares while the Offering is in progress. These transactions may also include making short sales of Series 11 Shares, which involve the sale by the Underwriters of a greater number of Series 11 Shares than they are required to purchase in the Offering.

The Underwriters must close out any naked short position by purchasing Series 11 Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Series 11 Shares in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Series 11 Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Series 11 Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. As a result of these activities, the price of the Series 11 Shares offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time.

The Series 11 Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws. Accordingly, the Series 11 Shares may not be offered or sold within the United States.

RELATIONSHIP BETWEEN THE COMPANY AND THE UNDERWRITERS

Each of TD Securities Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Scotia Capital Inc. is, directly or indirectly, a wholly-owned subsidiary or an affiliate of a Canadian chartered bank or other financial institution (collectively, the "**Affiliate Lenders**") that is a lender to Capital Power. Also, two directors of the Company are also directors of an Affiliate Lender. Consequently, the Company may be considered to be a "connected issuer" of such Underwriters for the purposes of Canadian securities legislation. The Company intends to use the net proceeds of this Offering to reduce existing indebtedness under its credit facilities. See "*USE OF PROCEEDS*".

Capital Power has credit facilities in the amount of \$1.0 billion under a credit agreement committed to 2023 and \$150 million committed to December 2019 among certain subsidiaries of the Company, as borrowers, and the Company, as covenantor and guarantor, and a syndicate of lenders. On April 30, 2019, approximately \$336 million was drawn under Capital Power's credit facilities. Capital Power is in compliance with all material terms of the agreements governing its credit facilities and has not been in default or otherwise in breach of such agreements since their execution. Capital Power's financial position has not changed materially since the indebtedness under the credit facilities was incurred.

The decision to distribute the Series 11 Shares offered hereby and the determination of the terms of the distribution were made through negotiations primarily amongst the Company and the Underwriters. The Affiliate Lenders had no involvement in such decision or determination, but have been advised of the Offering and the terms thereof. As a consequence of the Offering, each of TD Securities Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc. and Scotia Capital Inc. will receive its proportionate share of the Underwriters' fee payable by the Company to the Underwriters.

EARNINGS COVERAGE RATIOS OF THE COMPANY

The following earnings coverage ratios have been calculated on a consolidated basis for the 12-month periods ended December 31, 2018 and March 31, 2019 and are derived from audited financial information, in the case of December 31, 2018, and unaudited financial information, in the case of March 31, 2019. The following ratios give *pro forma* effect to the issuance of the Series 11 Shares assuming no exercise of the Underwriters' Option pursuant to this Prospectus Supplement.

	Twelve Month Period Ended	
	December 31, 2018	March 31, 2019
Earnings Coverage	2.4x	2.6x

The Company's dividend requirements on all of its Preference Shares, after giving effect to the issue of the Series 11 Shares to be distributed under this Prospectus Supplement, and adjusted to a before-tax equivalent using an effective income tax rate of 27%, amounted to approximately \$68 million for the 12 months ended December 31, 2018. The Company's interest requirements on long term debt after giving effect to the adjustments amounted to approximately \$132 million for the 12 months ended December 31, 2018. The consolidated earnings of the Company for the 12 months ended December 31, 2018 before interest on long term debt, income taxes and non-controlling interests amounted to approximately \$478 million, which is approximately 2.4 times the Company's consolidated interest requirements and dividend obligations.

The Company's dividend requirements on all of its Preference Shares, after giving effect to the issue of the Series 11 Shares to be distributed under this Prospectus Supplement, and adjusted to a before-tax equivalent using an effective income tax rate of 27%, amounted to approximately \$69 million for the 12 months ended March 31, 2019. The Company's interest requirements on long term debt after giving effect to the adjustments amounted to approximately \$125 million for the 12 months ended March 31, 2019. The consolidated earnings of the Company for the 12 months ended March 31, 2019 before interest on long term debt, income taxes and non-controlling interests amounted to approximately \$513 million, which is approximately 2.6 times the Company's consolidated interest requirements and dividend obligations.

PREFERRED SHARE RATINGS

The Series 11 Shares have been given a provisional Canadian scale rating of P-3 by S&P. Such P-3 rating is the tenth highest of twenty ratings used by S&P in its Canadian preferred share rating scale. According to S&P, a P-3 rating indicates that, although the obligation is less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

The Series 11 Shares have been given a provisional rating of Pfd-3 (low) with a stable trend by DBRS. The Pfd-3 (low) rating is the third highest of six rating categories used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 (low) are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. DBRS further subcategorizes each rating by the designation of "high" and "low" to indicate where an entity falls within the rating category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant. See "*RISK FACTORS*".

The Company made payments to each of DBRS and S&P in connection with obtaining the aforementioned ratings and over the past two years has made payments in respect of certain other services provided to the Company by each of DBRS and S&P. Additional information relating to such other ratings is included under the heading "*CAPITAL STRUCTURE - Ratings*" in the AIF.

DETAILS OF THE OFFERING

The following is a summary of the material rights, privileges, restrictions and conditions of the Series 11 Shares and the Series 12 Shares that will be set forth in the articles of amendment of the Company creating the Series 11 Shares and the Series 12 Shares. Copies of the articles of amendment of the Company pursuant to which the Series 11 Shares and the Series 12 Shares will be created will be filed by the Company with the Canadian securities regulatory authorities and available at www.sedar.com.

Description of the Preference Shares as a Class

Issuance in Series

The Board of Directors may at any time and from time to time issue Preference Shares in one or more series. Prior to issuing Preference Shares of any series, the Board of Directors is required to fix the number of shares in the series and determine the designation of, and the rights, privileges, restrictions and conditions attached to, that series of Preference Shares.

Priority

With respect to the payment of dividends and the distribution of the assets of the Company in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company for the purpose of winding-up its affairs, the Preference Shares of each series (including the Series 1 Shares, Series 2 Shares, Series 3 Shares, Series 4 Shares, Series 5 Shares, Series 6 Shares, Series 7 Shares, Series 8 Shares, Series 9 Shares, Series 10 Shares, Series 11 Shares and Series 12 Shares) rank on a parity with the Preference Shares of every other series and in priority to the Common Shares and the shares of any other class ranking junior to the Preference Shares.

Voting Rights

The holders of Preference Shares do not have the right to receive notice of, attend, or vote at any meeting of shareholders of the Company except (i) as required by the CBCA, by law or as may be required by an order of a court of competent jurisdiction, or (ii) to the extent that voting rights may be attached to any series of Preference Shares. Under the CBCA, the holders of Preference Shares are entitled to receive notice of, attend and vote at any meeting (i) called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property, other than in the ordinary course of business of the Company, (ii) in respect of certain amendments to the articles of the Company as provided in the CBCA, and (iii) for a meeting called for the purpose of approving an amalgamation of the Company, other than an amalgamation of the Company with a wholly-owned subsidiary. In connection with any matter requiring the approval of the Preference Shares as a class, the holders of existing series of Preference Shares that are outstanding are entitled to one vote in respect of each Preference Share held. In addition, the rights, privileges, restrictions and conditions attached to a series of Preference Shares may limit the voting entitlements of holders of such shares and may provide the Company with a right to redeem or exchange such shares.

Provisions Unique to the Series 11 Shares as a Series

Defined Terms

The following definitions are relevant to the Series 11 Shares.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Bond Yield on the applicable Fixed Rate Calculation Date plus 4.15%, provided that, in any event, such rate shall not be less than 5.75%.

"Bloomberg Screen GCAN5YR Page" means the display designated on page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada Bond yields).

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Government of Canada Bond Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity

of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Bond Yield will mean the arithmetic average of the yields quoted to the Company by two registered Canadian investment dealers selected by the Company as being the annual yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period from and including the Closing Date to, but excluding, June 30, 2024.

"Subsequent Fixed Rate Period" means the period from and including June 30, 2024 to, but excluding, June 30, 2029 and each five-year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, June 30 every five years thereafter.

Issue Price

The issue price per Series 11 Share is \$25.00.

Dividends

During the Initial Fixed Rate Period, the holders of Series 11 Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, at a rate per annum of 5.75% or \$1.4375 per Series 11 Share, payable in quarterly installments on the last business day of each of March, June, September and December in each year. Assuming an issue date of May 16, 2019, the first such dividend, if declared, will be paid on June 28, 2019 in the amount of \$0.1772 per Series 11 Share.

During each Subsequent Fixed Rate Period, the holders of the Series 11 Shares will be entitled to receive fixed cumulative preferential cash dividends if, as and when declared by the Board of Directors payable quarterly on the last business day of each of March, June, September and December in each year, in an amount per share determined by multiplying one quarter of the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Company will determine the Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series 11 Shares. The Company will, on the relevant Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of Series 11 Shares.

The dividends on Series 11 Shares will accrue on a daily basis. If, on any dividend payment date, the dividends accrued to such date are not paid in full on all of the Series 11 Shares then outstanding, such dividends, or the unpaid portion thereof, will be paid on a subsequent date or dates determined by the Board of Directors on which the Company will have sufficient funds properly applicable to the payment of such dividends.

Payments of dividends and other amounts in respect of the Series 11 Shares will be made by the Company to CDS, or its nominee, as the case may be, as registered holder of the Series 11 Shares. As long as CDS, or its nominee, is the registered holder of the Series 11 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 11 Shares for the purposes of receiving payment on the Series 11 Shares.

Redemption of Series 11 Shares

The Series 11 Shares will not be redeemable prior to June 30, 2024. Subject to the provisions described below under "*Provisions Common to the Series 11 Shares and the Series 12 Shares – Restrictions on Dividends and Retirement of Shares*", on June 30, 2024 and on June 30 every five years thereafter, the Company may redeem all or any number of the outstanding Series 11 Shares, at the Company's option, by the payment in cash of \$25.00 per share so redeemed

together with all declared and unpaid dividends to, but excluding, the date fixed for redemption (less tax, if any, required to be deducted and withheld).

The Series 11 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 11 Shares. See "*RISK FACTORS*".

Notice and Pro Rata Redemption

The Company will give written notice of any redemption to registered holders of the Series 11 Shares not more than 60 days and not less than 30 days prior to the redemption date.

Where less than all of the outstanding Series 11 Shares are to be redeemed, the Series 11 Shares will be redeemed *pro rata* disregarding fractions, or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

Conversion of Series 11 Shares into Series 12 Shares

Holders of Series 11 Shares will have the right, at their option, on June 30, 2024 (the "**Initial Series 11 Conversion Date**") and on June 30 every five years thereafter (each such date, together with the Initial Series 11 Conversion Date, a "**Series 11 Conversion Date**"), to convert, subject to the automatic conversion and restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of their Series 11 Shares registered in their name into Series 12 Shares on the basis of one Series 12 Share for each Series 11 Share converted. Notice of a holder's election (each notice, an "**Election Notice**") to convert Series 11 Shares must be received by the Company not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series 11 Conversion Date. An Election Notice is irrevocable once received by the Company. If the Company does not receive an Election Notice within the specified time, the Series 11 Shares shall be deemed not to have been converted (subject to automatic conversion described below).

The Company will, not more than 60 and not less than 30 days prior to each Series 11 Conversion Date, give notice in writing to the then registered holders of the Series 11 Shares of the Series 11 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 11 Conversion Date, the Company will give notice in writing to the then registered holders of the Series 11 Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 12 Shares for the next Quarterly Floating Rate Period.

Upon exercise by a registered holder of its right to convert Series 11 Shares into Series 12 Shares (and upon an automatic conversion), the Company reserves the right not to deliver Series 12 Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to take any action to comply with the securities or analogous laws of such jurisdiction.

Automatic Conversion and Restrictions on Conversion

If the Company determines that there would remain outstanding on a Series 11 Conversion Date, including the Initial Series 11 Conversion Date, less than 1,000,000 Series 11 Shares, after having taken into account all Election Notices in respect of Series 11 Shares tendered for conversion into Series 12 Shares and all Election Notices in respect of Series 12 Shares tendered for conversion into Series 11 Shares in each case received by the Company during the time fixed therefor, then, all, but not part, of the remaining outstanding Series 11 Shares will automatically be converted into Series 12 Shares on the basis of one Series 12 Share for each Series 11 Share on the applicable Series 11 Conversion Date. The Company will give notice in writing of the automatic conversion to all registered holders of the Series 11 Shares at least seven days prior to the Series 11 Conversion Date.

Furthermore, holders of Series 11 Shares will not be entitled to convert their shares into Series 12 Shares if the Company determines that there would remain outstanding on a Series 11 Conversion Date, including the Initial Series 11 Conversion Date, less than 1,000,000 Series 12 Shares after having taken into account all Election Notices in

respect of Series 11 Shares tendered for conversion into Series 12 Shares and all Election Notices in respect of Series 12 Shares tendered for conversion into Series 11 Shares in each case received by the Company during the time fixed therefor. The Company will give notice in writing of the inability to convert Series 11 Shares to all registered holders of the Series 11 Shares at least seven days prior to the applicable Series 11 Conversion Date.

If the Company gives notice to registered holders of the Series 11 Shares of the redemption of all outstanding Series 11 Shares, the Company will not be required to give notice as provided hereunder to the registered holders of the Series 11 Shares of any dividend rates or of the conversion right of holders of Series 11 Shares and the right of any holder of Series 11 Shares to convert such shares will terminate.

Provisions Unique to the Series 12 Shares as a Series

Defined Terms

The following definitions are relevant to the Series 12 Shares.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.15% per annum adjusted to reflect the Quarterly Floating Rate Period (calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365 or 366 depending upon the actual number of days in the applicable year).

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Quarterly Commencement Date" means the last day of March, June, September and December in each year, commencing June 30, 2024.

"Quarterly Floating Rate Period" means the period from and including June 30, 2024 to, but excluding, the next Quarterly Commencement Date, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next Quarterly Commencement Date.

"T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on 90-day Government of Canada Treasury Bills using the three month average results, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date. Auction results are quoted on the Bloomberg page "CA3MAY<INDEX>".

Issue Price

The Series 12 Shares will have an issue price of \$25.00.

In the event of a conversion of a Series 11 Share to a Series 12 Share the amount to be deducted from the stated capital account maintained for the Series 11 Shares and added to the stated capital account maintained for the Series 12 Shares will be \$25.00 per share so converted.

Dividends

The holders of Series 12 Shares will be entitled to receive quarterly floating rate, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable on the last business day of each of March, June, September and December in each year. Such quarterly cash dividends will be in an amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Company on the relevant Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Company and upon all holders of Series 12 Shares.

The dividends on Series 12 Shares will accrue on a daily basis. If, on any dividend payment date, the dividends accrued to such date are not paid in full on all of the Series 12 Shares then outstanding, such dividends, or the unpaid portion thereof, will be paid on a subsequent date or dates determined by the Board of Directors on which the Company will have sufficient funds properly applicable to the payment of such dividends.

Payments of dividends and other amounts in respect of the Series 12 Shares will be made by the Company to CDS, or its nominee, as the case may be, as registered holder of the Series 12 Shares. As long as CDS, or its nominee, is the registered holder of the Series 12 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 12 Shares for the purposes of receiving payment on the Series 12 Shares.

Redemption of Series 12 Shares

Subject to the provisions described below under "*Provisions Common to the Series 11 Shares and the Series 12 Shares - Restrictions on Dividends and Retirement of Shares*", on June 30, 2029 and on each Series 12 Conversion Date (as defined herein) thereafter, the Company may redeem all or any number of the outstanding Series 12 Shares, at the Company's option, by the payment of an amount in cash of \$25.00 per share together with all declared and unpaid dividends to, but excluding, the date fixed for redemption (less tax, if any, required to be deducted and withheld).

On any date after June 30, 2024 that is not a Series 12 Conversion Date, subject to the provisions described below under "*Provisions Common to the Series 11 Shares and the Series 12 Shares - Restrictions on Dividends and Retirement of Shares*", the Company may redeem all or any number of the outstanding Series 12 Shares, at the Company's option, by the payment of an amount in cash of \$25.50 per share together with all declared and unpaid dividends to, but excluding, the date fixed for redemption (less tax, if any, required to be deducted and withheld).

The Series 12 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 12 Shares. See "*RISK FACTORS*".

Notice and Pro Rata Redemption

The Company will give notice of any redemption to registered holders of the Series 12 Shares not more than 60 days and not less than 30 days prior to the redemption date.

Where only a part of the outstanding Series 12 Shares is at any time to be redeemed, the Series 12 Shares will be redeemed *pro rata* disregarding fractions, or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

Conversion of Series 12 Shares into Series 11 Shares

Holders of Series 12 Shares will have the right, at their option, on June 30, 2029 and on June 30 every five years thereafter (each such date a "**Series 12 Conversion Date**"), to convert, subject to the automatic conversion and restrictions on conversion described below and the payment or delivery to the Company of evidence of payment of the tax (if any) payable, all or any of their Series 12 Shares into Series 11 Shares on the basis of one Series 11 Share for each Series 12 Share converted. A holder's Election Notice to convert Series 12 Shares must be received by the Company not earlier than the 30th day and not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series 12 Conversion Date. An Election Notice is irrevocable once received by the Company. If the Company does not receive an Election Notice within the specified time, the Series 12 Shares shall be deemed not to have been converted (subject to automatic conversion described below).

The Company will, not more than 60 and not less than 30 days prior to each Series 12 Conversion Date, give notice in writing to the then registered holders of the Series 12 Shares of the Series 12 Conversion Date and a form of Election

Notice. On the 30th day prior to each Series 12 Conversion Date, the Company will give notice in writing to the then registered holders of the Series 12 Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and the Annual Fixed Dividend Rate applicable to the Series 11 Shares for the next Subsequent Fixed Rate Period.

Upon exercise by a registered holder of its right to convert Series 12 Shares into Series 11 Shares (and upon an automatic conversion), the Company reserves the right not to deliver Series 11 Shares to any person whose address is in, or whom the Company or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Company to take any action to comply with the securities or analogous laws of such jurisdiction.

Automatic Conversion and Restrictions on Conversion

If the Company determines that there would remain outstanding on a Series 12 Conversion Date less than 1,000,000 Series 12 Shares, after having taken into account all Election Notices in respect of Series 12 Shares tendered for conversion into Series 11 Shares and all Election Notices in respect of Series 11 Shares tendered for conversion into Series 12 Shares, in each case received by the Company during the time fixed therefor, then, all, but not part, of the remaining outstanding Series 12 Shares will automatically be converted into Series 11 Shares on the basis of one Series 11 Share for each Series 12 Share on the applicable Series 12 Conversion Date. The Company will give notice in writing of the automatic conversion to all registered holders of the Series 12 Shares at least seven days prior to the Series 12 Conversion Date.

Furthermore, holders of Series 12 Shares will not be entitled to convert their shares into Series 11 Shares if the Company determines that there would remain outstanding on a Series 12 Conversion Date less than 1,000,000 Series 11 Shares after having taken into account all Election Notices in respect of Series 12 Shares tendered for conversion into Series 11 Shares and all Election Notices in respect of Series 11 Shares tendered for conversion into Series 12 Shares, in each case received by the Company during the time fixed therefor. The Company will give notice in writing of the inability to convert Series 12 Shares to all registered holders of the Series 12 Shares at least seven days prior to the applicable Series 12 Conversion Date.

If the Company gives notice to registered holders of the Series 12 Shares of the redemption of all outstanding Series 12 Shares, the Company will not be required to give notice as provided hereunder to the registered holders of the Series 12 Shares of any dividend rates or of the conversion right of holders of Series 12 Shares and the right of any holder of Series 12 Shares to convert such shares will terminate.

Provisions Common to the Series 11 Shares and the Series 12 Shares

Purchase for Cancellation

Subject to applicable law and the provisions described under "*DETAILS OF THE OFFERING – Provisions Common to the Series 11 Shares and the Series 12 Shares – Restriction on Dividends and Retirement of Shares*", the Company may at any time or times purchase for cancellation all or any number of the outstanding Series 11 Shares or Series 12 Shares on the open market, by private agreement, pursuant to tenders received by the Company upon an invitation for tenders addressed to all holders of the Series 11 Shares or Series 12 Shares, or otherwise, at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, subject to the prior satisfaction of the claims of all creditors of the Company and of holders of shares of the Company ranking prior to the Series 11 Shares and the Series 12 Shares, the holders of Series 11 Shares and Series 12 Shares will be entitled to payment of an amount equal to \$25.00 per Series 11 Share or Series 12 Share, plus an amount equal to all declared and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Company), before any amount may be paid or any assets of the Company are distributed to the holders of any shares

ranking junior as to capital to the Series 11 Shares and the Series 12 Shares. After payment of such amounts, the holders of Series 11 Shares and Series 12 Shares will not be entitled to share in any further distribution of the assets of the Company.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series 11 Shares or Series 12 Shares are outstanding, the Company will not, without the approval of the holders of the Series 11 Shares or Series 12 Shares given as described under "*DETAILS OF THE OFFERING – Provisions Common to the Series 11 Shares and the Series 12 Shares – Modification of Series*":

- (a) declare, pay or set apart for payment any dividends on any shares of the Company ranking as to dividends junior to the Series 11 Shares or Series 12 Shares (other than stock dividends payable in shares of the Company ranking as to dividends and capital junior to the Series 11 Shares or Series 12 Shares);
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Company ranking as to return of capital and dividends junior to the Series 11 Shares or Series 12 Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of the Company ranking as to capital junior to the Series 11 Shares or Series 12 Shares;
- (c) redeem or call for redemption, purchase for cancellation or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 11 Shares or Series 12 Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, or except in connection with the concurrent redemption, call for redemption, purchase or pay off of all Series 11 Shares or Series 12 Shares, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preference Shares, ranking as to dividends or capital on a parity with the Series 11 Shares or Series 12 Shares; or
- (e) except for the issuance of Series 11 Shares as a result of the conversion of the Series 12 Shares in accordance with their terms or the issuance of Series 12 Shares as a result of the conversion of the Series 11 Shares in accordance with their terms, create or issue any additional Series 11 Shares or Series 12 Shares or any shares ranking as to the payment of dividends or repayment of capital prior to or on parity with the Series 11 Shares or Series 12 Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series 11 Shares or Series 12 Shares have been declared and paid or monies set apart for payment.

Voting Rights

Except as otherwise required by law or in the conditions attaching to the Preference Shares as a class, the holders of the Series 11 Shares or Series 12 Shares will not be entitled to receive notice of, attend at, or vote at, any meeting of shareholders of the Company, unless and until the Company shall have failed to pay eight quarterly dividends on the Series 11 Shares or Series 12 Shares, as appropriate, in accordance with the terms thereof, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of the Company properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series 11 Shares or Series 12 Shares, as appropriate will be entitled to receive notice of all meetings of shareholders of the Company and to attend thereat (other than a separate meeting of the holders of another series or class of shares), and shall at any such meetings which they shall be entitled to attend, except when the vote of the holders of shares of any other class or series is to be taken separately and as a class or series, be entitled to vote together with all of the voting shares of the Company on the basis of one vote for each Series

11 Share or Series 12 Share held, until all such arrears of such dividends have been paid, whereupon such rights will cease unless and until the Company shall again fail to pay eight quarterly dividends on the Series 11 Shares or Series 12 Shares as outlined above, in which event such voting rights shall become effective again and so on from time to time. In addition, holders of Series 11 Shares or Series 12 Shares shall be entitled to voting rights attached to Preference Shares as a class. See "*DETAILS OF THE OFFERING – Description of the Preference Shares as a Class – Voting Rights*". In such circumstances (except in the case of a dissolution), holders of Series 11 Shares or Series 12 Shares, as appropriate, will be entitled to vote separately as a series if the Series 11 Shares or Series 12 Shares, as appropriate, are affected in a manner different from other series of Preference Shares.

Modification of Series

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 11 Shares and the Series 12 Shares as a series and any other approval to be given by the holders of the Series 11 Shares or Series 12 Shares, as applicable, may be given by a resolution passed by an affirmative vote of at least two-thirds of the votes cast at a duly called and held meeting at which the holders of at least 10% of the outstanding Series 11 Shares or Series 12 Shares, as applicable, are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 11 Shares or Series 12 Shares, as applicable, then present would form the necessary quorum. At any meeting of holders of Series 11 Shares or Series 12 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 11 Share or Series 12 Share, as applicable, held.

Tax Election

The Series 11 Shares and the Series 12 Shares will be "taxable preferred shares" as defined in the Tax Act for purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of such shares. The terms of the Series 11 Shares and the Series 12 Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that the corporate holders will not be subject to the tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 11 Shares and Series 12 Shares. See "*CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS*".

Non-Business Days

If any action or payment, other than payment of a dividend in connection with the Series 11 Shares or the Series 12 Shares, is required to be taken or paid by the Company or any matter, consequence or other thing is provided to occur, in respect of the Series 11 Shares or the Series 12 Shares on a day that is a Saturday or a Sunday or any other day that is a statutory or civic holiday in the place where the Company has its head office (a "**non-business day**"), then such action or payment will be taken or made and such matter, consequence or other thing will occur on the immediately following day which is not a non-business day.

RISK FACTORS

An investment in the Series 11 Shares is subject to a number of risks. In addition to the other information contained in and incorporated by reference into this Prospectus Supplement and the Prospectus, you should consider carefully the risk factors set forth under the heading "*Risks and Risk Management*" in the Company's Annual MD&A.

Risks relating to the Acquisition

The Company will substantially increase its amount of indebtedness following the Acquisition

After giving effect to the Acquisition, Capital Power will have a significant amount of debt, including approximately \$707 million of debt assumed or incurred as a result of the Acquisition (which assumes for illustrative purposes a net increase in indebtedness in the amount of approximately \$117 million after using the net proceeds of the Offering to repay credit facilities and redrawing on credit facilities to partially fund payment of the purchase price for the Acquisition). As of March 31, 2019, on a pro forma basis after giving effect to the Acquisition, Capital Power would have approximately \$3.1 billion of total indebtedness outstanding. See "*CONSOLIDATED CAPITALIZATION OF THE*

COMPANY". Capital Power will substantially increase its amount of indebtedness following the Acquisition and such increased indebtedness may adversely affect its cash flow and financial position.

Possible Failure to Realize Anticipated Benefits of the Acquisition

Achieving the benefits of the Acquisition depends in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from integrating the Goreway Facility into the Company's existing portfolio of properties. The integration of the Goreway Facility requires the dedication of management's effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of the Acquisition. See "*RECENT DEVELOPMENTS – Acquisition of Goreway Power*".

Possible Failure to Complete the Acquisition

The Acquisition is subject to completion of the conditions described herein and normal commercial risk that the Acquisition may not be completed on the terms negotiated or at all.

Potential Undisclosed Liabilities Associated with the Acquisition

In connection with the Acquisition, there may be liabilities that Capital Power failed to discover or were unable to quantify in the due diligence which Capital Power conducted prior to the execution of the Acquisition Agreement and Capital Power may not be indemnified for some or all of these liabilities or the indemnification may be subject to limitations set forth in the Acquisition Agreement. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a material adverse effect on Capital Power's business, financial condition or future prospects.

Operation and Maintenance of Equipment and Systems Risks and Other Risks which Relate to the Acquisition

The risk factors set forth in the Annual MD&A and in this Prospectus Supplement including those relating to power facility operations and generation equipment, transmission lines, pipelines and other equipment apply equally in respect of the Goreway Facility.

Nature of Acquisitions

Acquisitions of power generation properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as electricity and other energy prices, actual facility performance, status of and impact of policy, legislation and regulations and effective tax rates. Many of these factors are subject to change and are beyond Capital Power's control. All such assessments involve a measure of engineering, environmental and regulatory uncertainty that could result in lower revenue or higher operating or capital expenditures than anticipated.

Use of Proceeds

As set out under "*USE OF PROCEEDS*" in this Prospectus Supplement, the Company intends to use the net proceeds from the Offering initially to repay indebtedness under its credit facilities which will then be available to be redrawn to partially fund the Acquisition and for general corporate purposes. Although this allocation is based on the current expectations of management, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the Company's discretion and there can be no assurance as of the date of this Prospectus Supplement as to how those funds may be reallocated.

Risks relating to the Offering

Preferred Share Rating

The preferred share ratings applied to the Series 11 Shares are an assessment, by the rating agencies, of the Company's ability to pay its obligations. The ratings are based on certain assumptions about the future performance and capital structure of the Company that may or may not reflect the actual performance or capital structure of the Company. Changes in ratings of the Series 11 Shares or Series 12 Shares may affect the market price or value and the liquidity of the Series 11 Shares or Series 12 Shares. There is no assurance that any rating assigned to the Series 11 Shares or Series 12 Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. See "*PREFERRED SHARE RATINGS*".

The Company's ability to meet its financial obligations is dependent on receipt of funds from its subsidiaries, including the Partnership and the value of its underlying business and assets

As the Company operates as a holding company, the Company's ability to pay dividends and other operating expenses and to meet its obligations depends to a significant extent upon receipt of sufficient funds from its subsidiaries, including Capital Power L.P. (the "**Partnership**"), its ability to raise additional capital and the value of its underlying business and assets. Accordingly, the likelihood that holders of the Series 11 Shares or Series 12 Shares will receive dividends will depend to a significant extent upon the financial position and creditworthiness of subsidiaries, including the Partnership, and its underlying business and assets. Should the value of the underlying assets of the Company's subsidiaries, including the Partnership, decrease substantially, the Company may not legally be in a position to declare or pay its dividends or pay amounts due upon redemption of the Series 11 Shares and the Series 12 Shares or upon liquidation, dissolution or winding-up of the Company. See "*EARNINGS COVERAGE RATIOS OF THE COMPANY*".

Declaration of Payment of Dividends

Holders of Series 11 Shares and Series 12 Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is in the discretion of the Board of Directors even if the Company has sufficient funds, net of its liabilities, to pay such dividends.

The Company may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Company will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Company under guarantees in respect of which a demand for payment has been made. See "*CONSOLIDATED CAPITALIZATION OF THE COMPANY*".

Limitations on Preference Shares

Although the Series 11 Shares and Series 12 Shares carry cumulative dividends, the Company may not be in a position pursuant to law to declare and pay such dividends as contemplated in this Prospectus Supplement and Prospectus.

There is currently no trading market for the Series 11 Shares or Series 12 Shares

There is currently no trading market for the Series 11 Shares or Series 12 Shares. No assurance can be given that an active or liquid trading market for the Series 11 Shares or Series 12 Shares will develop or be sustained. If an active or liquid market for the Series 11 Shares or Series 12 Shares fails to develop or be sustained, the prices at which the Series 11 Shares or Series 12 Shares trade may be adversely affected.

The market value of Series 11 Shares and Series 12 Shares will be affected by a number of factors and, accordingly, its trading price will fluctuate

The value of Series 11 Shares and Series 12 Shares will be affected by the general creditworthiness of the Company. The Annual MD&A of the Company and the Interim MD&A are incorporated by reference in this Prospectus

Supplement and the Prospectus. These analyses discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the business, financial condition or results of operations of the Company. See also the discussion under "*EARNINGS COVERAGE RATIOS OF THE COMPANY*", which is relevant to an assessment of the risk that the Company will be unable to pay dividends on the Series 11 Shares and Series 12 Shares.

The market value of the Series 11 Shares and Series 12 Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the rating assigned to such shares. Real or anticipated changes in ratings on the Series 11 Shares or Series 12 Shares may also affect the cost at which the Company can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

Prevailing yields on similar securities will affect the market value of the Series 11 Shares and Series 12 Shares. Assuming all other factors remain unchanged, the market value of the Series 11 Shares and Series 12 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline.

The market value of Series 11 Shares and Series 12 Shares may also depend on the market price of the Common Shares. It is impossible to predict whether the price of the Common Shares will rise or fall. Trading prices of the Common Shares will be influenced by the Company's financial results and by complex and interrelated political, economic, financial and other factors that may affect the capital markets generally, the stock exchanges on which the Common Shares are traded and the market segment of which the Company is a part.

Creditors of the Company rank ahead of holders of Series 11 Shares and Series 12 Shares in the event of an insolvency or winding-up of the Company

The Series 11 Shares and Series 12 Shares will rank equally with other Preference Shares of the Company that may be outstanding in the event of an insolvency or winding-up of the Company. If the Company becomes insolvent or is wound-up, or if the Company is required to pay under guarantees provided by the Company, the Company's assets must be used to pay debt and amounts, if any, owing by the Company under such guarantees, before payments may be made on Series 11 Shares and Series 12 Shares and other Preference Shares. See "*CONSOLIDATED CAPITALIZATION OF THE COMPANY*".

The dividend rates on the Series 11 Shares and Series 12 Shares will reset

The dividend rate for Series 11 Shares and Series 12 Shares will reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding period.

Investments in the Series 12 Shares, given their floating interest component, entail risks not associated with investments in the Series 11 Shares. The resetting of the applicable rate on a Series 12 Share may result in a lower yield compared to fixed rate Series 11 Shares. The applicable rate on a Series 12 Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Company has no control.

The Series 11 Shares and Series 12 Shares may be converted or redeemed without the holders' consent in certain circumstances

The Series 11 Shares and Series 12 Shares may be redeemed by the Company in certain circumstances without the holders' consent. In addition, an investment in the Series 11 Shares may become an investment in Series 12 Shares, and *vice versa*, without the holders' consent in the event of an automatic conversion in certain circumstances. Upon the automatic conversion of the Series 11 Shares into Series 12 Shares, the dividend rate on the Series 12 Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time. In addition, a holder may be prevented from converting its Series 11 Shares into Series 12 Shares, and *vice versa*, in certain circumstances. See "*DETAILS OF THE OFFERING*".

Neither the Series 11 Shares nor the Series 12 Shares have a fixed redemption date

Neither the Series 11 Shares nor the Series 12 Shares have a fixed redemption date, nor are such shares retractable at the option of the holders thereof. The ability of a holder to liquidate its holdings of such shares may be limited. The Company's ability to meet its financial obligations is dependent on receipt of funds from its subsidiaries, including the Partnership, and its ability to raise additional capital. See "*DETAILS OF THE OFFERING*" and "*RISK FACTORS – The Company's ability to meet its financial obligations is dependent on receipt of funds from its subsidiaries, including the Partnership and the value of its underlying business and assets*".

No Voting Rights

Holders of Series 11 Shares and Series 12 Shares will generally not have voting rights at meetings of the shareholders of the Company except under limited circumstances. Holders of Series 11 Shares and Series 12 Shares will have no right to elect the Board of Directors of the Company on an annual or other ongoing basis. See "*DETAILS OF THE OFFERING*".

Forward Looking Statements and FOFI May Prove Inaccurate

Readers are cautioned not to place undue reliance on forward-looking statements or FOFI. By their nature forward-looking statements and FOFI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements and/or FOFI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Some of the FOFI presented in this Prospectus Supplement is based upon the completion of the Acquisition, the Subscription Receipt Offering and the Offering and if any of these transactions are not completed or not completed on the terms or timelines contemplated, this will impact the FOFI provided herein and such impact may be material. See "*FORWARD-LOOKING INFORMATION*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") to a purchaser of Series 11 Shares or Series 12 Shares who acquires such shares as beneficial owner pursuant to this Prospectus Supplement and who, for purposes of the Tax Act and at all relevant times, (i) is, or is deemed to be, resident in Canada; (ii) deals at arm's length with the Company and the Underwriters and is not affiliated with the Company; and (iii) holds the Series 11 Shares and the Series 12 Shares, as the case may be, as capital property (a "**Holder**"). The Series 11 Shares and Series 12 Shares will generally be considered to be capital property to a Holder provided that the Holder does not acquire or hold the Series 11 Shares or Series 12 Shares, as the case may be, in the course of carrying on a business or in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who are resident in Canada, whose Series 11 Shares or Series 12 Shares might not otherwise be considered to be held as capital property, may in certain circumstances be entitled to have such shares and every other "Canadian security", as defined in the Tax Act, treated as capital property by making an irrevocable election permitted by subsection 39(4) of the Tax Act. **Holders whose Series 11 Shares or Series 12 Shares might not otherwise be considered to be capital property should consult their own tax advisors.**

This summary is not applicable to a Holder: (i) that is a "financial institution", (as defined in the Tax Act) for the purposes of the "mark-to-market" rules; (ii) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; (iv) which has made a "functional currency" election under section 261 of the Tax Act; (v) who would receive dividends on the Common Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act); (vi) that enters into a "derivative forward agreement", (as defined in the Tax Act), in respect of the Series 11 Shares or Series 12 Shares; or (vii) is exempt from tax under Part I of the Tax Act. **Any such Holder should consult its own tax advisors having regard to their particular circumstances.** This summary also assumes that all issued and outstanding Series 11 Shares or Series 12 Shares will be listed on a "designated stock exchange" in Canada under the Tax Act, (which currently includes the TSX) at all relevant times.

This summary is based upon the facts set out in this Prospectus Supplement, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by it prior to the date hereof. This summary assumes that all Proposed Amendments will be enacted in the form proposed. There can be no assurance that the Proposed Amendments will be enacted in their current form or at all. Except for the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes in law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the CRA, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Series 11 Shares or Series 12 Shares, having regard to their particular circumstances.

Dividends

Dividends received or deemed to be received on the Series 11 Shares or Series 12 Shares by a Holder that is an individual (including certain trusts) will be included in computing such Holder's income for the purposes of the Tax Act and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company to be "eligible dividends" in accordance with the provisions of the Tax Act. By notice in writing on the Company's website, the Company has designated all dividends paid by the Company to be "eligible dividends" within the meaning of the Tax Act unless otherwise notified. **Prospective purchasers are urged to consult their own tax advisors in this respect.**

Dividends received by a Holder that is an individual or trust (other than certain trusts) may give rise to a liability for alternative minimum tax.

A Holder that is a corporation will generally include such dividends or deemed dividends in computing its income and generally will be entitled to deduct such amount in computing its taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. **Holders that are corporations should consult their own tax advisors with respect to the potential application of these rules having regard to their own circumstances.**

The Series 11 Shares and the Series 12 Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 11 Shares and the Series 12 Shares require the Company to make the necessary election under Part VI.1 of the Tax Act so that Holders that are corporations will not be subject to tax under Part IV.1 of the Tax Act on dividends paid (or deemed to be paid) by the Company on the Series 11 Shares and Series 12 Shares.

Dispositions

A disposition or deemed disposition by a Holder of Series 11 Shares or Series 12 Shares (including on redemption, but not on conversion for Series 11 Shares or Series 12 Shares, as the case may be, or other shares of the Company) will generally result in such Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base thereof to the Holder and any reasonable costs of disposition. The amount of any deemed dividend arising on the redemption, acquisition or purchase for cancellation by the Company of Series 11 Shares or Series 12 Shares will generally not be included in computing the Holder's proceeds of disposition to any shareholder for purposes of computing the capital gain or capital loss arising on the disposition of the Series 11 Shares or the Series 12 Shares. See "*CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS – Redemption*" below.

If the Holder is a corporation, the amount of any capital loss may, in certain circumstances, be reduced by the amount of any dividends received or deemed to be received by it on such shares to the extent and in the manner provided for in the Tax Act. Similar rules may apply where a Series 11 Share or Series 12 Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. **Such Holders should consult their own tax advisors.**

Generally, one-half of any capital gain (a "**Taxable Capital Gain**") realized by a Holder in a taxation year must be included in computing the Holder's income for that year. Subject to and in accordance with the Tax Act, one-half of any capital loss (an "**Allowable Capital Loss**") realized by a Holder in a taxation year must be deducted from the Holder's Taxable Capital Gains realized by the Holder in that year. Allowable Capital Losses for a taxation year in excess of Taxable Capital Gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net Taxable Capital Gains realized in such years, to the extent and under the circumstances described in the Tax Act.

Capital gains realized by an individual or trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Redemption

If the Company redeems Series 11 Shares or Series 12 Shares or otherwise acquires Series 11 Shares or the Series 12 Shares (other than on a conversion or by a purchase in the manner in which shares are normally purchased by a member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Company in excess of the paid-up capital of such shares at such time. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "*CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS – Dispositions*" above. In the case of a Holder that is a corporation, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of the Series 11 Shares into Series 12 Shares and the Series 12 Shares into Series 11 Shares will be deemed under the Tax Act not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a Holder of Series 12 Shares or Series 11 Shares, as the case may be, received on the conversion will be deemed to be equal to the Holder's adjusted cost base of the converted Series 11 Shares or Series 12 Shares, as the case may be, immediately before the conversion. For the purpose of determining the adjusted cost base of a Holder's shares of a particular series of shares of the Company, when additional shares of that series are acquired (including on conversion), the cost of newly acquired shares of that series will be averaged with the adjusted cost base of all shares of that series owned by the Holder as capital property immediately before that time.

Refundable Tax

A Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable for a refundable tax on certain investment income, including taxable capital gains. **Holders should consult their own tax advisors concerning their own particular circumstances.**

A Holder that is a "private corporation" or "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax at a rate of 38 $\frac{1}{3}$ % on dividends received (or deemed to be received) on the Series 11 Shares or the Series 12 Shares to the extent such dividends are deductible in computing such Holder's taxable income. **Such Holders should consult their own tax advisors.**

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder

(together, the "**Tax Act**") and all proposed amendments thereto publicly announced by the Minister of Finance prior to the date hereof, the Series 11 Shares and the Series 12 Shares, provided they are listed on a designated stock exchange (which currently includes the TSX) or the Company is a public corporation, if issued on the date of this Prospectus Supplement, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**"), a deferred profit sharing plan ("**DPSP**") and a tax-free savings account ("**TFSA**") (collectively, "**Exempt Plans**").

Notwithstanding that the Series 11 Shares and Series 12 Shares may be qualified investments for Exempt Plans, the annuitant under an RRSP or RRIF, the subscriber of an RESP or the holder of a TFSA or RDSP, as the case may be, will be subject to a penalty tax if such Series 11 Shares or Series 12 Shares are "prohibited investments" for the RRSP, RRIF, TFSA, RESP or RDSP within the meaning of the Tax Act. The Series 11 Shares and Series 12 Shares will generally not be a "prohibited investment" provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of the RESP, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act) in the Company.

Prospective investors who intend to hold Series 11 Shares or Series 12 Shares issuable on conversion of Series 11 Shares in a TFSA, RRSP, RRIF, RESP or RDSP should consult their own tax advisors having regard to their own particular circumstances.

BOOK-ENTRY ONLY SYSTEM

Registration of interests in and transfers of the Series 11 Shares and Series 12 Shares will only be made through the book-entry only system administered by CDS, the whole subject to applicable law. On the Closing Date, the Company will deliver to CDS in certificated or non-certificated form registered in the name of CDS, the aggregate number of Series 11 Shares subscribed for under this Offering. Series 11 Shares and Series 12 Shares must be acquired, transferred and surrendered for redemption, conversion or retraction through a CDS Participant. All rights of an owner of Series 11 Shares or Series 12 Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Series 11 Shares or Series 12 Shares. Upon an acquisition of any Series 11 Shares or Series 12 Shares, the owner will receive only the customary confirmation. References in this Prospectus Supplement to a holder of Series 11 Shares or Series 12 Shares mean, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Series 11 Shares or Series 12 Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has the option to terminate registration of the Series 11 Shares and Series 12 Shares through the book-entry only system, in which event certificates for Series 11 Shares and Series 12 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

LEGAL MATTERS

Certain legal matters in connection with the Series 11 Shares offered hereby will be passed upon on behalf of the Company by Borden Ladner Gervais LLP, and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

The partners and associates of Borden Ladner Gervais LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Company. The partners and associates of Osler, Hoskin & Harcourt LLP, as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class or series of the Company.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, at its offices in Edmonton, Alberta.

The transfer agent and registrar for the Series 11 Shares and Series 12 Shares is Computershare Trust Company of Canada at its principal transfer offices in Calgary, Alberta and Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the province or territory in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

UNDERWRITERS' CERTIFICATE

Dated: May 9, 2019

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

TD SECURITIES INC.

By: (Signed) "*John Kroeker*"

RBC DOMINION SECURITIES INC.

By: (Signed) "*Robert Nicholson*"

**BMO NESBITT
BURNS INC.**

By: (Signed)
"*Michael Spencer*"

**CIBC WORLD
MARKETS INC.**

By: (Signed)
"*Kelsen Vallee*"

**NATIONAL BANK
FINANCIAL INC.**

By: (Signed)
"*Iain Watson*"

SCOTIA CAPITAL INC.

By: (Signed)
"*Thomas Kurfurst*"

**CANACCORD GENUITY
CORP.**

By: (Signed) "*Jason Robertson*"

**INDUSTRIAL
ALLIANCE SECURITIES
INC.**

By: (Signed) "*Fred Westra*"

RAYMOND JAMES LTD.

By: (Signed) "*James A. Tower*"