CAPITAL POWER

Annual Meeting of Shareholders

Art Gallery of Alberta

Edmonton, AB

April 24, 2015
Today’s presenters and panelists

Donald Lowry
Chairman

Brian Vaasjo
President & Chief Executive Officer

Stuart Lee
SVP, Finance & Chief Financial Officer

Kate Chisholm
Corporate Secretary
Agenda

I. Business meeting

1. Chairman calls meeting to order
2. Scrutineers
3. Notice of meeting
4. Scrutineers’ report on attendance
5. Consolidated financial statements
6. Election of Directors
7. Election of EPCOR nominee
8. Appointment of auditors
9. Advisory vote on executive compensation or “say on pay”
10. Termination of meeting

II. Presentation from the President & CEO

III. Question & Answer session
Business meeting

- Introduction of the current Board of Directors

A. Bellstedt  D. Beneby  W. Bennett  H. Bolton  R. Cruickshank

P. Daniel  P. Lachambre  A. McPherson  P. Mulligan
Business meeting

- Other members of senior management team

Darcy Trufyn
SVP, Operations, Engineering & Construction

Bryan DeNeve
SVP, Corporate Development & Commercial Services

Todd Gilchrist
SVP, Human Resources & Health, Safety & Environment
Business meeting

2. Scrutineer (Computershare Trust Company)
   - Kyle Gould

3. Notice of meeting
   - Notice and form of proxy or voting instruction form mailed on March 19, 2015 to common shareholders at the close of business March 13, 2015
   - Posted on capitalpower.com and on SEDAR
   - Affidavit of mailing provided; copy to be filed with the Minutes

4. Scrutineers’ report on attendance
   - Confirmation of a quorum present; copy to be filed with the Minutes

5. Consolidated financial statements
   - External auditor, KPMG LLP, Edmonton
Business meeting

6. Election of Directors
(Common shareholder nominees)

Donald Lowry
Brian Vaasjo
Albrecht Bellstedt
Doyle Beneby
Philip Lachambre
Peggy Mulligan
Patrick Daniel
Business meeting
7. Election of EPCOR nominee

Allister McPherson
Business meeting

8. Appointment of Auditors
   - KPMG, LLP

9. Advisory vote on executive compensation or “shareholder say on pay”

10. Termination of meeting

Brian Vaasjo, President & CEO
April 24, 2015
Agenda

- 2014 Review
- First Quarter 2015 Results
- 2015 Corporate Priorities
- Video
- Question & Answer session
2014 Highlights

- Completed final stages of construction with ENMAX on the Shepard Energy Centre
- Completed project financing and commenced construction of the K2 Wind project (1/3 ownership of 270 MW project) with expected commercial operations in mid-2015
- Executed agreements with ENMAX to develop, construct and operate the Genesee 4&5 project; all major regulatory approvals received to proceed with construction
- Acquired a portfolio of wind and solar development sites in the U.S. that provide a solid foundation for growth
- Announced Company’s first common share dividend increase, a 7.9% increase in the annual dividend effective with Q3/14 dividend
2014 Performance

Operational and financial performance

- **Plant availability**:
  - 2014 Target: 95%
  - 2014 Results: 95%

- **Funds from operations**:
  - 2014 Target: $0
  - 2014 Results: $362

- **Plant operating & maintenance expenses**:
  - 2014 Target: $165 - $185
  - 2014 Results: $185

- **Sustaining capex**:
  - 2014 Target: $85
  - 2014 Results: $75

All operational and financial results in-line with targets
Capital Power’s strategy

Providing shareholders with a stable and growing contracted cash flow base, with upside exposure to the Alberta power market

- Generated from assets across North America
- Supports investment grade credit rating
- Supports dividend stability and growth

Creating Shareholder Value

- Continued operational excellence
- Financial flexibility & strength
- Disciplined growth

Best asset portfolio in Alberta

Provides upside exposure to the Alberta power market
Alberta power market

- Alberta power market goes through business cycles
- As new generation added, expect to go through lower price periods followed by periods of price recovery

**Average annual Alberta power prices**

Annual prices have averaged $65/MWh in the past 14 years
PLANNED

- Capital Power planned for this expected oversupply in generation in 2015 and decisions were made over the past few years based on this view.

- Actions taken included:
  - Implementing various programs to reduce operating, maintenance and general & administrative costs (2013 actions reduced 2014 corporate expenses by $37 million or 31%)
  - Partnering with ENMAX on the Shepard project in 2012 to increase our generation and market share in Alberta power market
  - Increasing our contracted cash flow base by adding 3 new wind facilities to the fleet
PREPARED for the power market cycle

- Negotiated various commercial agreements with ENMAX for our output from Shepard
  - 20-year contract for 50% of our capacity from 2015-2035
  - Additional commercial agreements resulting in 100% of our capacity contracted in 2015 and 75% in 2016-2017
- Minimized exposure to low spot power prices by hedging a significant percentage of merchant cash flows at attractive prices

Well-positioned to weather the bottom of the power market cycle
POSITIONED for solid long-term growth

- Since 2012, built three contracted wind facilities that add nearly 400 MW to our fleet
- Another 90 MW of contracted cash flow added when K2 Wind begins commercial operations in mid-2015
- Four wind projects and contracted portion of Shepard have significantly expanded our contracted cash flow base

Quality Wind, BC
142 MW, COD: Nov/12

Halkirk, AB
150 MW, COD: Dec/12

Port Dover & Nanticoke, ON
105 MW, COD: Nov/13
Improving contracted cash flow\(^{(1,2)}\)

Substantial expansion in contracted operating margin from 2012 to 2016

1) Margins have been averaged over the periods except in the year of commissioning.
2) Only includes contracted portions of Halkirk and Shepard plants.
Financial obligations and dividends fully covered by contracted cash flow

**Operating margin**\(^{(1)}\) **to financial obligations**\(^{(2)}\) **and dividends**\(^{(3)}\)

1. Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedge position as at Dec 31, 2014.
2. Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining capital expenditures and general & administration expenses.
3. Dividends include common dividends, preferred dividends and CPLP distributions.

---

1) Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedge position as at Dec 31, 2014.
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining capital expenditures and general & administration expenses.
3) Dividends include common dividends, preferred dividends and CPLP distributions.

---

Financial obligations and dividends fully covered by contracted cash flow

**Operating margin**\(^{(1)}\) **to financial obligations**\(^{(2)}\) **and dividends**\(^{(3)}\)

1. Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedge position as at Dec 31, 2014.
2. Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining capital expenditures and general & administration expenses.
3) Dividends include common dividends, preferred dividends and CPLP distributions.

---

Financial obligations and dividends fully covered by contracted cash flow

**Operating margin**\(^{(1)}\) **to financial obligations**\(^{(2)}\) **and dividends**\(^{(3)}\)

1) Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedge position as at Dec 31, 2014.
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining capital expenditures and general & administration expenses.
3) Dividends include common dividends, preferred dividends and CPLP distributions.
Growth opportunities in Canada
Natural gas and wind development sites
Growth opportunities in the U.S.
Natural gas and renewable development sites
Beaufort Solar

- Board has approved the 15 MW solar project in North Carolina, U.S.
- Fully contracted facility with a 15-year PPA with Duke Energy
- Commercial operations date (COD) targeted for Dec/15
- Sale leaseback structure; sell to tax equity investor at COD in exchange for lease payments

Capital Power’s first solar project
Q1/15 Performance and 2015 targets

**Operational and financial targets**

**Plant availability**
- Q1/15: 98%
- 2015 Target: 94%

**Funds from operations**
- Q1/15: $6
- 2015 Target: $65

**Plant operating & maintenance expenses**
- Q1/15: $41
- 2015 Target: $180 - $200

**Sustaining capex**
- Q1/15: $0
- 2015 Target: $6 - $150

**Funds from operations**
- Q1/15: $108
- 2015 Target: $365 - $415

*On-track to meet 2015 targets*
2015 Development and construction targets
On-time, on-budget and safe development of committed projects

K2 Wind (Ontario)
- Complete construction for COD in mid-2015

Genesee 4&5 (Alberta)
- Transition from development to construction
Shepard Energy Centre
Summary

Operational excellence

- Excellent assets in good markets with solid operating performance
- On-going improvements to operating cost base, fleet availability and risks

Contracted cash flows

- Substantial growth in contracted operating margins expected to fully cover financial obligations and dividends in 2015 and beyond
- Supports consistent annual dividend growth\(^{(1)}\)

Alberta power market upside

- Own the best fleet in the best merchant power market in North America
- Well positioned to weather the bottom of the power market cycle; significant % of merchant cash flows hedged in the near-term

Growth

- Genesee 4&5 best positioned to be the next large natural gas-fired generation project to be built in Alberta
- Strong pipeline of contracted growth opportunities in North America

Strong contracted cash flow growth supports annual dividend growth\(^{(1)}\)

\(^{(1)}\) Subject to Board approval.
Executive rotation

- As part of Capital Power’s ongoing executive development, the Board of Directors have approved the rotation of Stuart Lee and Bryan DeNeve
- Executive rotation effective May 1, 2015

Stuart Lee
Senior VP, Finance & Chief Financial Officer

Bryan DeNeve
Senior VP, Corporate Development & Commercial Services
QUESTIONS?