CAPITAL POWER
Investor Meetings
June, 2016

Brian Vaasjo, President & CEO

Bryan DeNeve, SVP Finance & CFO

Corporate updates

- Alberta Climate Leadership Plan
  - *Coal phase-out facilitator and compensation*
  - *Financial impacts from Carbon Competitiveness Regulation*
  - *Renewables acceleration to replace retiring coal generation*
- Alberta Power Market
- Growth Opportunities
- Finance Overview and 2016 Guidance
- Summary
- Appendix

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Alberta Climate Leadership Plan

Updates

- AB government appointed Terry Boston as the coal phase-out facilitator to oversee the transition away from coal-fired generation by 2030
- Facilitator tasked with presenting options that will strive to maintain the reliability of Alberta's electricity grid, maintain stability of prices for consumers, and avoid unnecessarily stranding capital
- Primary focus on the six coal generation units that would otherwise be expected to operate past 2030
- Meetings have taken place with more scheduled

Facility	Generation Capacity (MW)	End of Life (CST)[1]	End of Life (Alberta CLP)
Sheerness 1	390	2036	2030
Genesee 2	430	2039	2030
Sheerness 2	390	2040	2030
Genesee 1	430	2044	2030
Genesee 3	516	2055	2030
Keephills 3	495	2061	2030

- Facilitator to provide report to government by Sep/16; timing of government's decision and next steps are unknown at this time but we are currently expecting an announcement by year-end

(1) Retirements under federal Capital Stock Turnover (CST) regulations.

Alberta Climate Leadership Plan

Compensation

- A component of compensation for early retirement could be the ratio of reduced asset life to the current remaining life multiplied by Net Book Value (NBV)
- NBV of our coal assets is ~$2 billion at end of 2015
- Remaining life of our coal units are 139 years. A "2030 retirement date" reduces remaining life by 79 years – a 57% reduction
- A potential approach to implementing compensation is to reduce compliance requirements of the affected coal-fired facilities through 2030
- Funds raised by CCR is estimated to be $3 billion per year

We believe Capital Power will be fairly compensated

Estimated incremental impacts of CCR[1]

- Contracted revenue under Genesee 1 & 2 PPA is expected to be $37/MWh in 2020
- Expected revenue will be $60 to $70/MWh when the output is sold into the AB merchant market in 2021, which will now be partially eroded by the higher carbon tax

EBITDA impact ($M)	2018	2019	2020	2021
Total coal EBITDA impact due to CCR	$30	($25)	($65)	($120)
EBITDA increase from natural gas & wind facilities	$50	$30	$30	$20
Total portfolio EBITDA impact	$80	$5	($35)	($100)

The expected uplift from the expiry of the G1/G2 PPA offsets the impact of the new carbon tax in 2021

1) Carbon Competitiveness Regulation does not include the impact of expected compensation for early coal retirement.

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Alberta Climate Leadership Plan

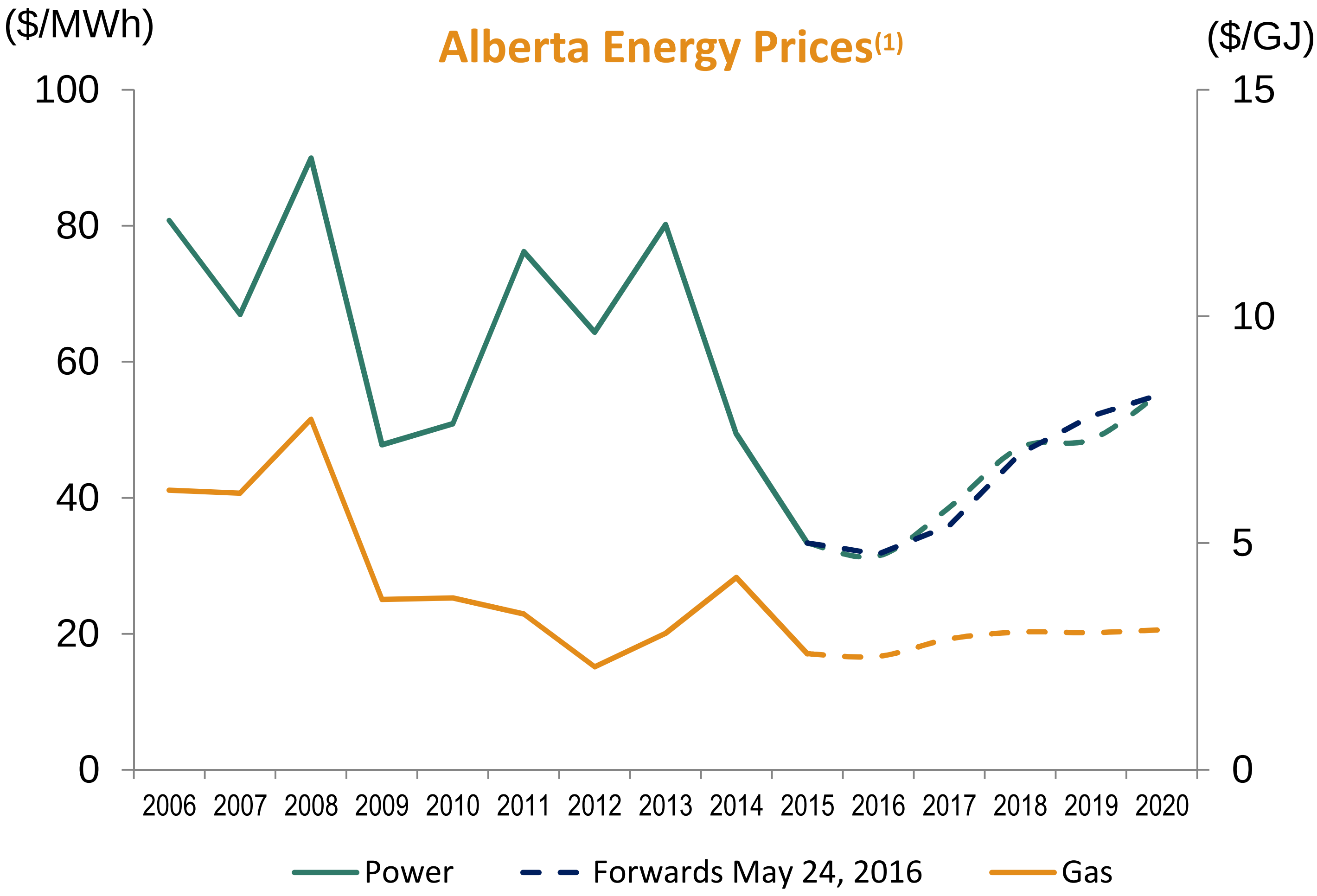
Renewables RFP process & maintenance of AB market design

- Mar 3/16 – AB Government has tasked the Alberta Electric System Operator (AESO) to develop and implement a renewable electricity incentive program (REIP) to add additional renewable generation capacity by 2030 in concert with the retirement of current coal generating units
- Under CLP, new renewable generation will be timed to replace two-thirds of retiring coal-fired generation
- Ensures existing assets are not adversely impacted by oversupply and allows existing market design to continue to function as it has over the past 15 years
- AESO has commenced a stakeholder engagement process on REIP and expected to provide recommendations on program design in May/16
- First competition for new renewable projects expected in late 2016 with the first projects to be in service by 2019

"I also confirm that the Government of Alberta has not chosen to fundamentally alter the current wholesale electricity market structure."[(1)]

1) Letter from Grant D. Sprague (Deputy Minister of Energy) to David Erickson (President & CEO of AESO) dated January 26, 2016.

Alberta market forecasts



1) Power and gas forecasts represent the average forecasts of three leading 3rd party consulting firms as of May 2016

Sundance PPA early termination

Expected incremental impacts

- On March 24, Capital Power announced that it has given notice to terminate the Sundance C PPA under the Change in Law provision of the PPA
- Decision to terminate has no impact on Capital Power's other generation interest in AB or its views of and long-term commitment to the AB market
- While the changes to SGER have made the Sundance PPA uneconomic from a Buyer's perspective, having the Balancing Pool take over as the PPA Buyer has no impact on the reliability and availability of electricity for Albertans
- Between now and 2020, PPA termination expected to have a positive impact on Capital Power's EBITDA, reduce contractual obligations, and will increase the hedged portion of the AB commercial portfolio
- Following the termination, Capital Power recorded in Q1/16, a non-cash charge of ~$53 million on a pre-tax basis (~$46 million after tax)

Impacts from Sundance PPA termination

Alberta commercial hedging profile

- Termination of our Buyer role in Sundance C PPA has significantly increased our baseload hedging profile from 2015 year-end
- Significant forward sales resulting from increased marketing liquidity due to the PPA terminations
- Alberta Commercial portfolio positions:

	2017		2018		2019
As of date	Dec 31/15	Mar 31/16	Dec 31/15	Mar 31/16	Mar 31/16
% sold forward	38%	100%	9%	50%	34%
Avg. contracted prices[(1)] ($/MWh)	Low-$50	Mid-$40	Mid-$60	Low-$50	Low-$50
Avg. forward prices ($/MWh)	$40	$36	$51	$46	$51

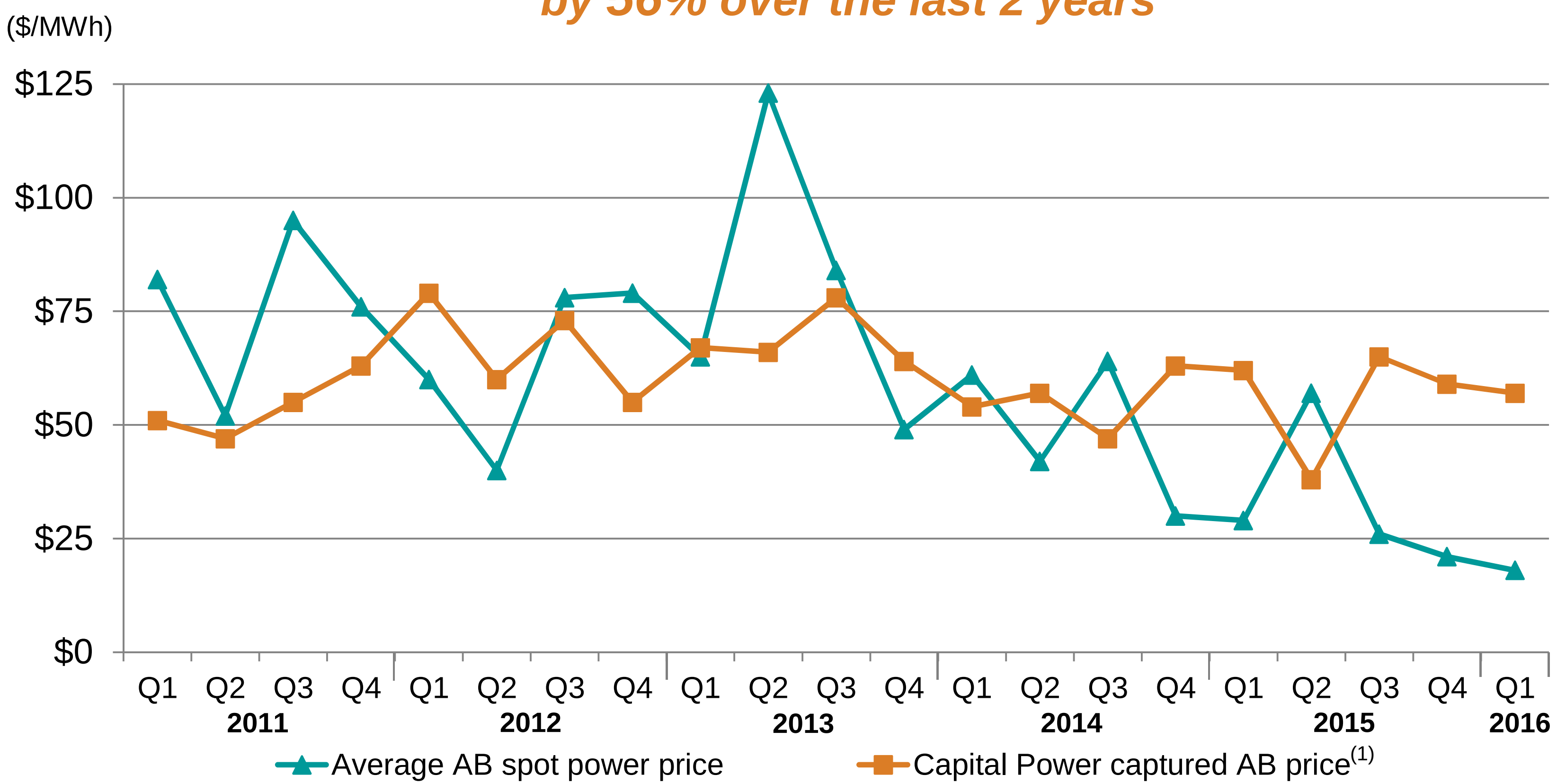
Baseload merchant exposure fully hedged in 2016-17

1) The forecast average contracted prices may differ significantly from the future average realized prices as the hedged and unhedged positions have a varying mix of differently priced blocks of power.

Alberta power market trading

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

Average realized power price[1] has exceeded spot power prices by 56% over the last 2 years



1) Based on the Alberta baseload plants and the acquired Sundance PPA plus the uncontracted portion of Shepard Energy Centre baseload.

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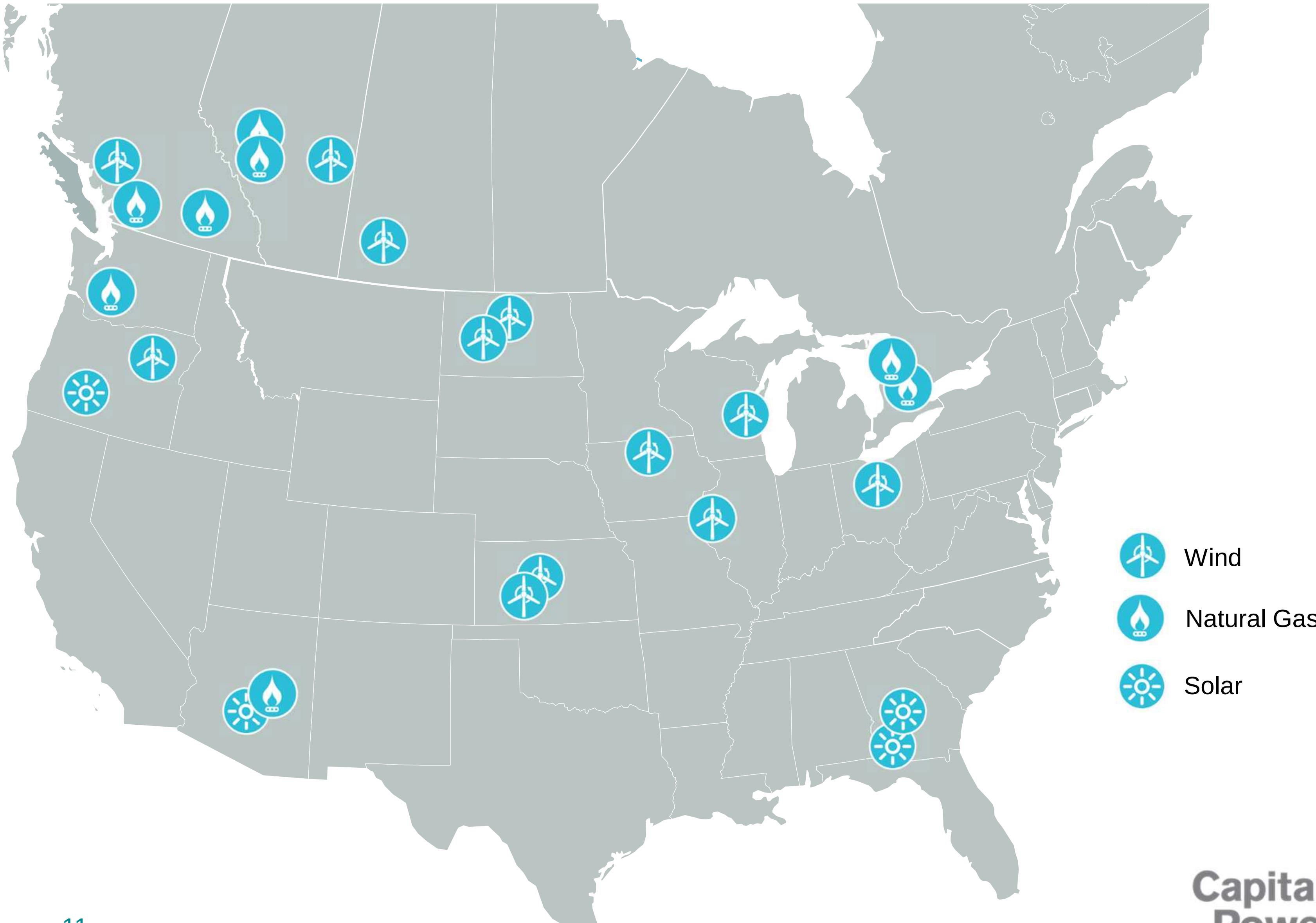
Growth opportunities – Canada & US



Genesee 4&5

- Joint venture partners with ENMAX to develop, construct, own, and operate the 1,060 MW natural gas-fired combined cycle facilities
- 8-year tolling agreement with ENMAX for 50% of CP's share of the output
- All major regulatory approvals received to proceed with construction; Capital Power will lead the construction project and be the operator
- Full notice to proceed (FNTP) decision delayed until Q4/16 and contingent on:
  - Fair compensation for the projected accelerated closure of coal-fired generation
  - Clarity that implementation of CLP will have no adverse impact on the Alberta electricity market design
  - Price signals from the energy only market
- Revised construction plan would achieve substantial completion of Genesee 4 in early 2020

Genesee 4&5 to be built on existing Genesee site west of Edmonton, AB

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Halkirk 2

- 150 MW wind facility next to the existing Halkirk facility
- Investment of ~$300M
- AESO interconnection application filed
- Application for permits and supporting studies underway
- Operational and construction cost savings with experience from Halkirk 1
- Locational advantage with wind diversity resulting in expected higher capture factor

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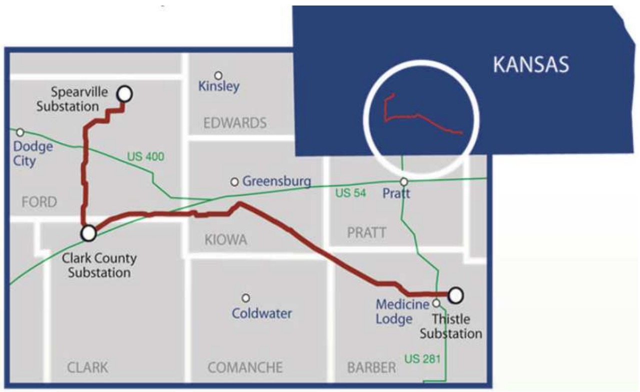
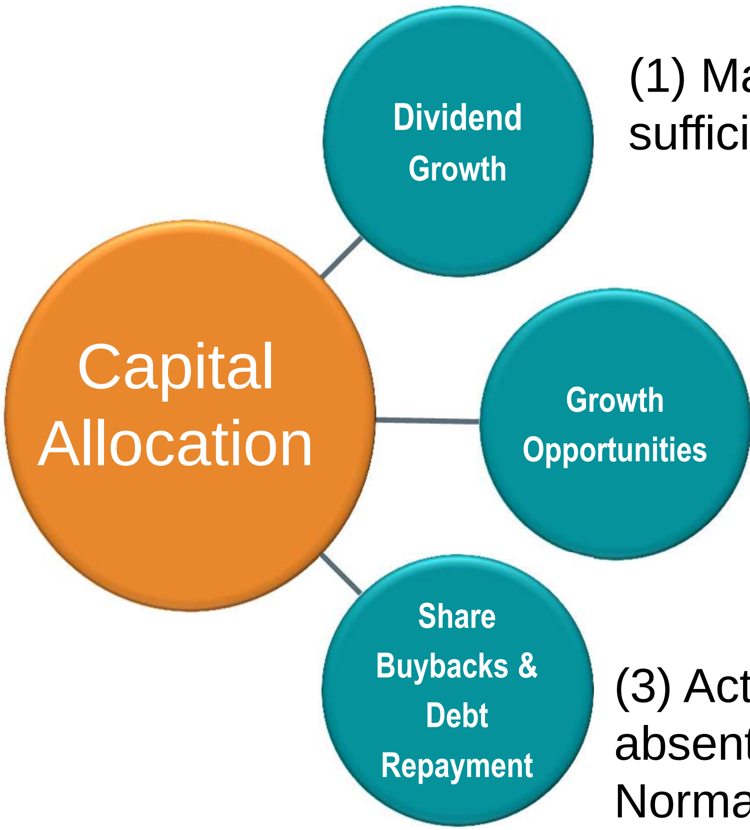
Bloom Wind

- 178 MW wind farm consisting of 54 Vestas V117-3.3 MW turbines
- 10-year fixed price contract covering 100% of the output, with Allianz Risk Transfer (rated AA- (stable) by S&P's), a subsidiary of Allianz SE, a worldwide insurance and asset management group
- Under the contract, Capital Power will swap market revenue of Bloom's generation for a fixed annual payment for a 10-year term, securing long-term predictable revenues and mitigate generation volume uncertainty related to wind resources
  - Allows Bloom to secure renewable energy tax equity financing, and
  - Provides the opportunity for Capital Power to complete its first wind development project in the U.S. renewables market



- Construction begins in Q3/16 with COD targeted in Q3/17

Capital allocation



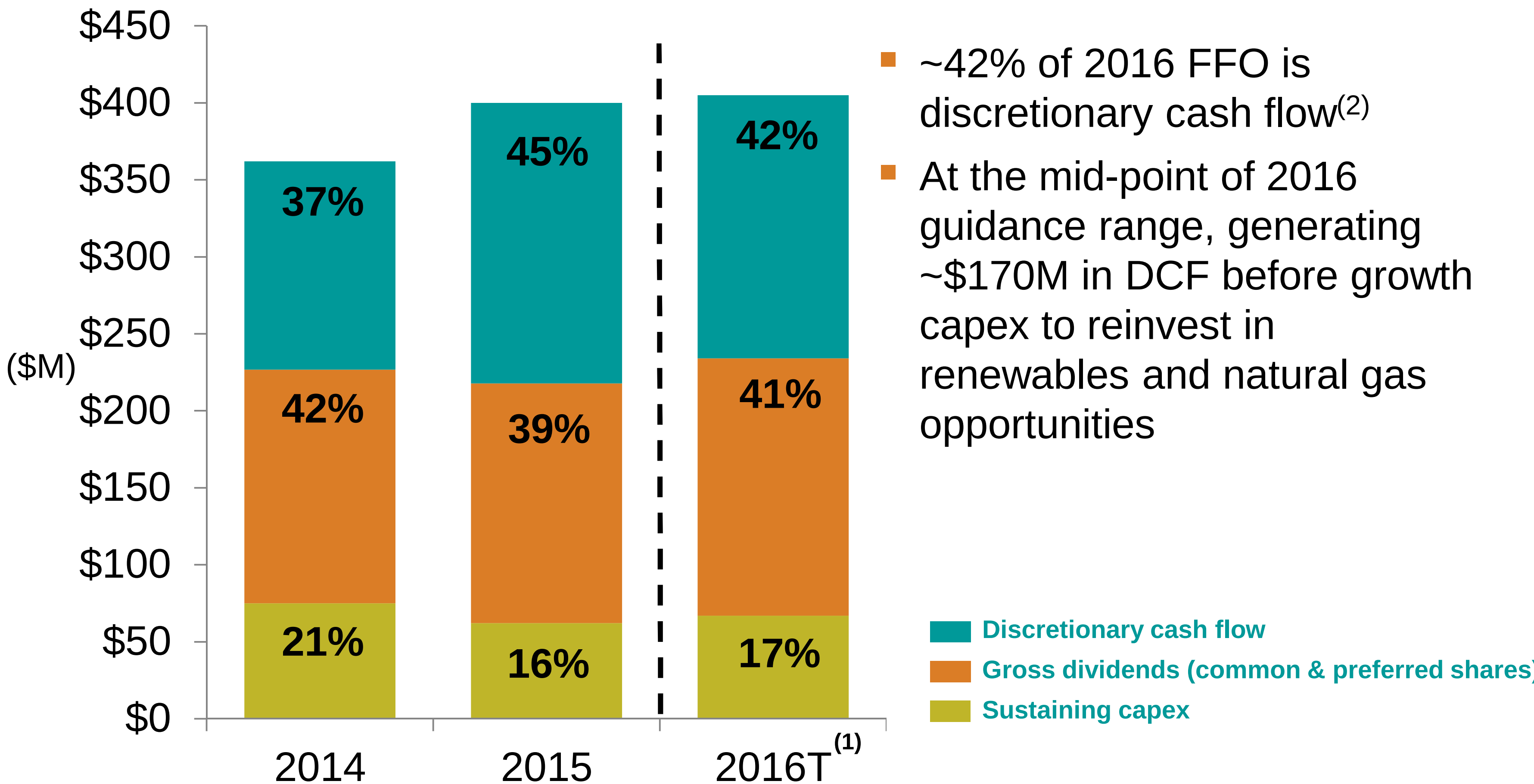
(1) Maintain growing dividend backed by sufficient contracted cash flow base

(2) Fund growth opportunities in the near term with discretionary cash flow

(3) Active in debt reduction and share buybacks absent an acquisition or development opportunity. Normal Course Issuer Bid (NCIB) to repurchase up to 8.6 million shares through Apr/17

Continued strong cash flow generation

Funds from operations (FFO)[1]

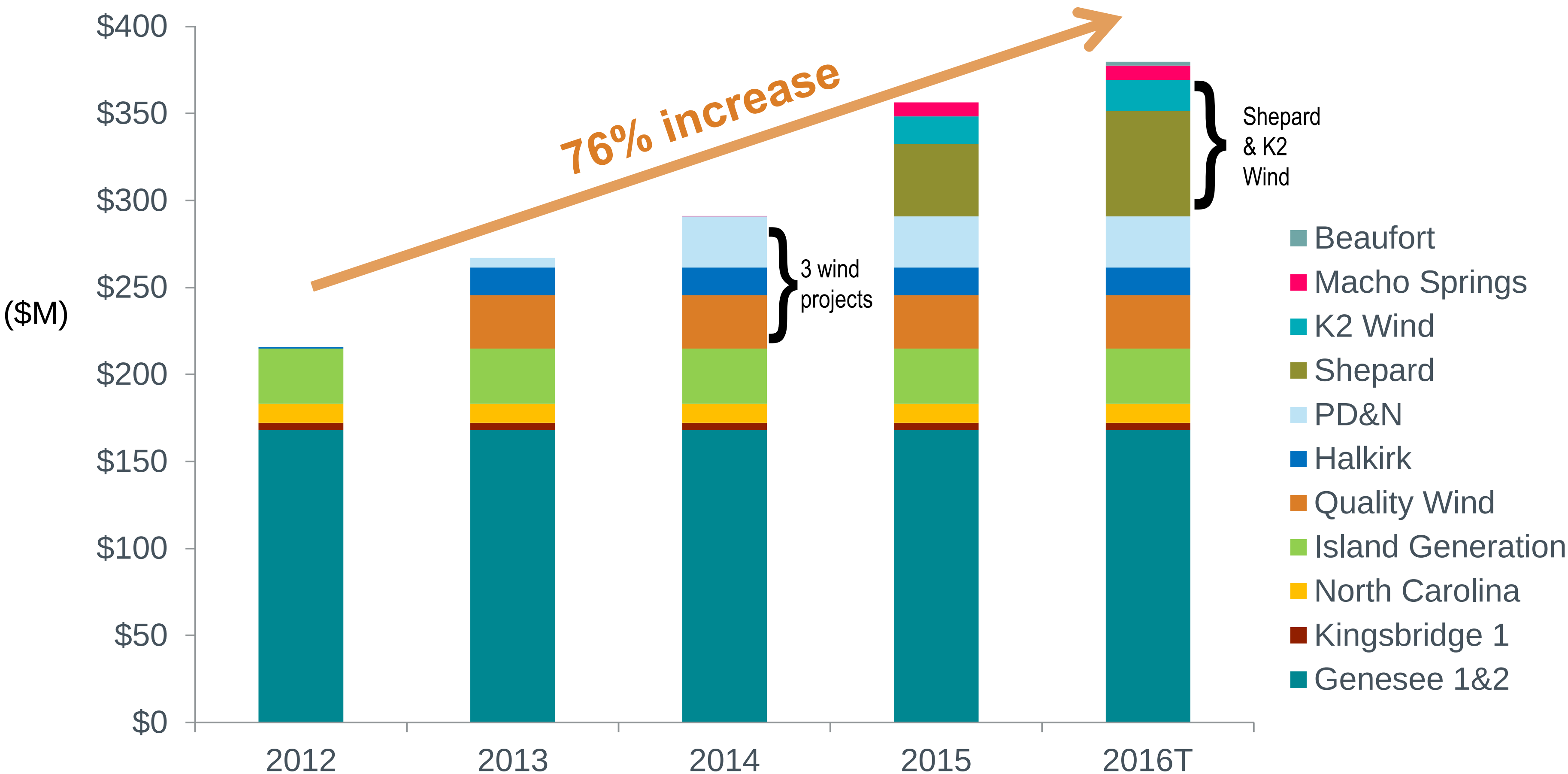


- ~42% of 2016 FFO is discretionary cash flow[2]
- At the mid-point of 2016 guidance range, generating ~$170M in DCF before growth capex to reinvest in renewables and natural gas opportunities

1) 2016 FFO target represents the mid-point of $380M - $430M guidance range. FFO is a non-GAAP financial measure.
2) Discretionary cash flow (DCF) is a non-GAAP financial measure. DCF = FFO - sustaining capex - total common and preferred share dividends.

Improving contracted cash flow[1,2,3]

Substantial expansion in contracted operating margin from 2012 to 2016



Substantial expansion in contracted operating margin from 2012-16

1) Margins have been averaged over the periods except in the year of commissioning.
2) Only includes contracted portions of Halkirk and Shepard plants.
3) Cash distributions from K2 Wind and EBITDA for all other plants.

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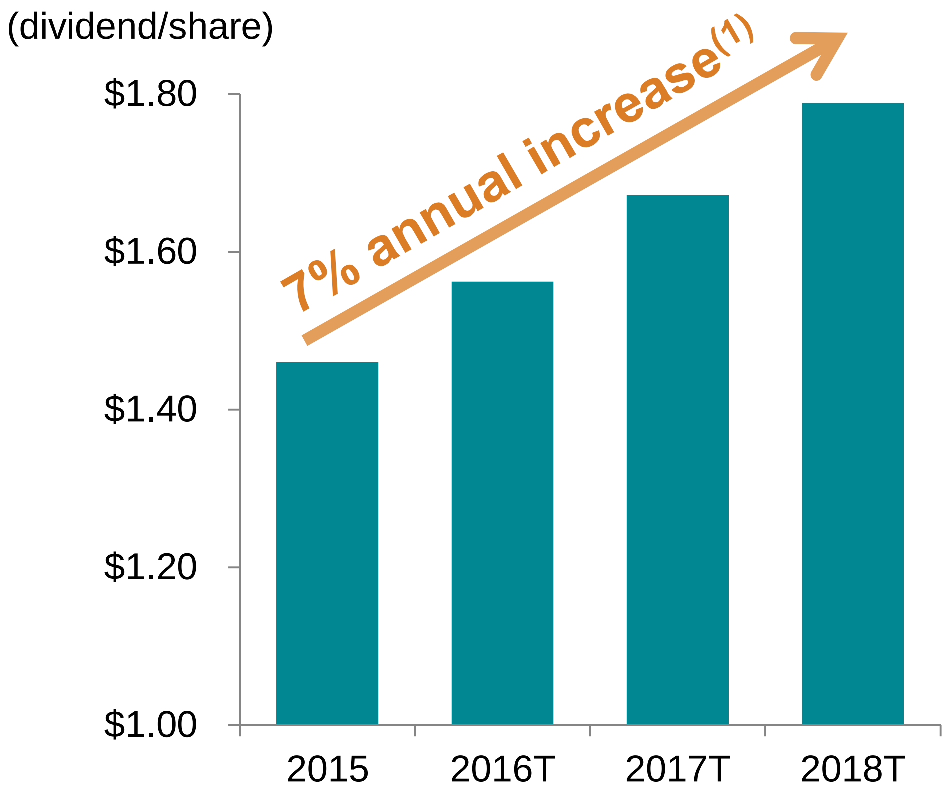
Target annual dividend increase



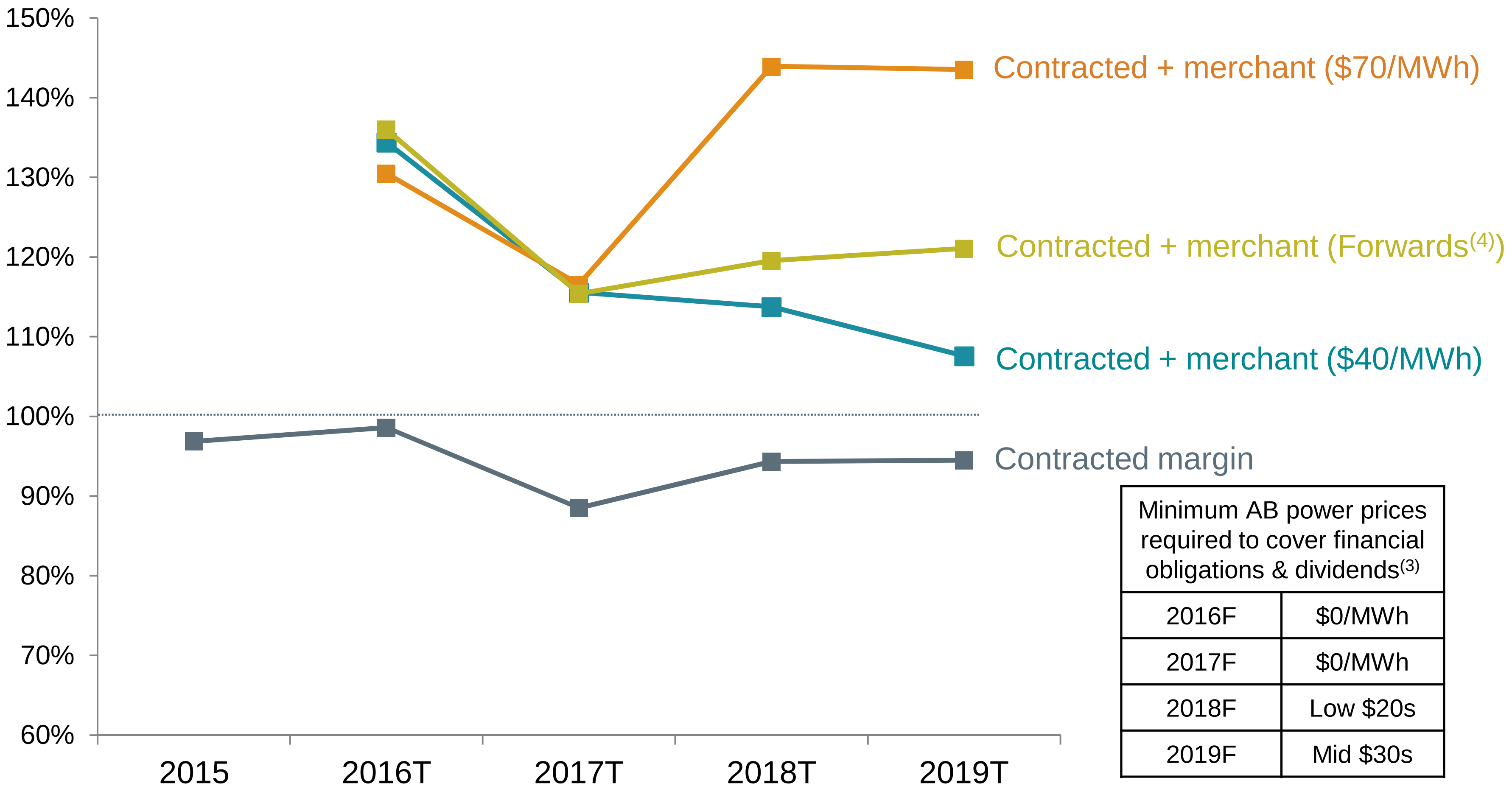
- Generating $340M in free cash flow[2] in 2016 before growth capex at the bottom of the cycle
- Dividend payout ratio to FFO averages 39% from 2016 to 2018
- Pipeline of opportunities to expand contracted footprint throughout North America

Well positioned to deliver consistent annual dividend growth

1) Subject to market conditions, economic outlook, cash flow forecast, and Board approval at the time.
2) Free cash flow (FCF) is a non-GAAP financial measure and is defined as FFO - sustaining capex .

Strong financial coverage

Operating margin[1] to financial obligations[2] and dividends[3]



Minimum AB power prices required to cover financial obligations & dividends[3]	
2016F	$0/MWh
2017F	$0/MWh
2018F	Low $20s
2019F	Mid $30s

1) Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedged position as at March 31, 2016
2) Based on existing plants plus committed development projects. Financial obligations include interest payments (including interest during construction), sustaining contracted capital expenditures and general & administration expenses.
3) Dividends include common and preferred dividends. Assumes consistent common dividend growth in 2016-18.
4) Forwards as of March 31, 2016

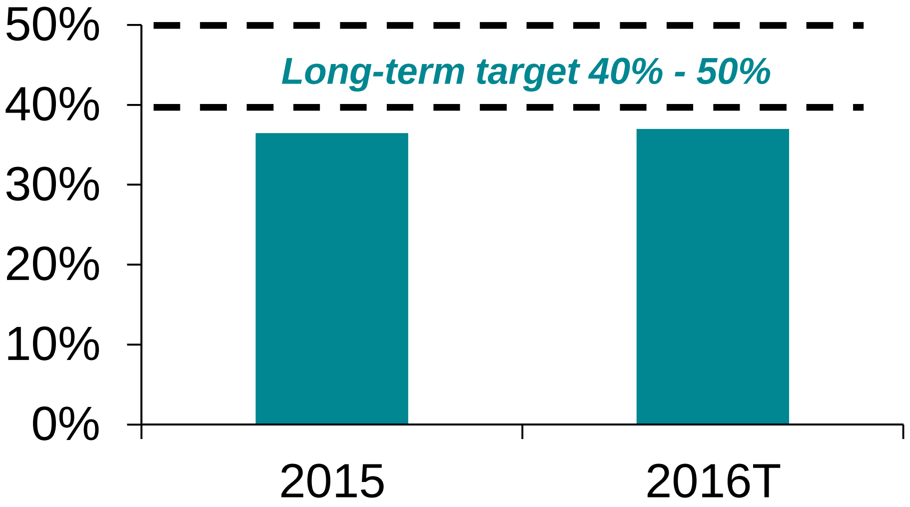
Financial strength

Strong balance sheet and investment grade credit rating

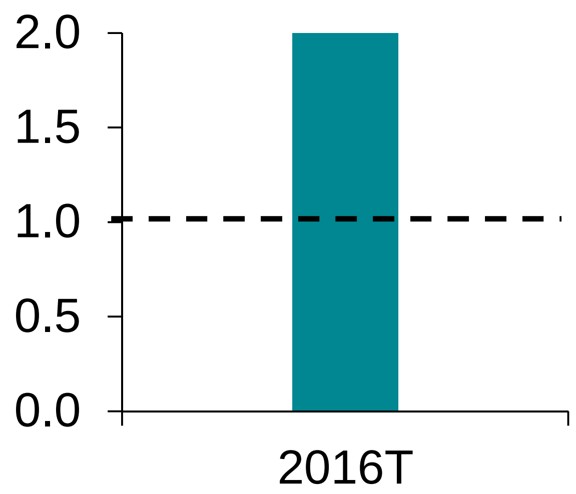
- Investment grade credit ratings by S&P and DBRS
- Debt-to-capital ratio remains below long-term target of 40% - 50%

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

Debt to total capitalization



Corporate Liquidity[1]



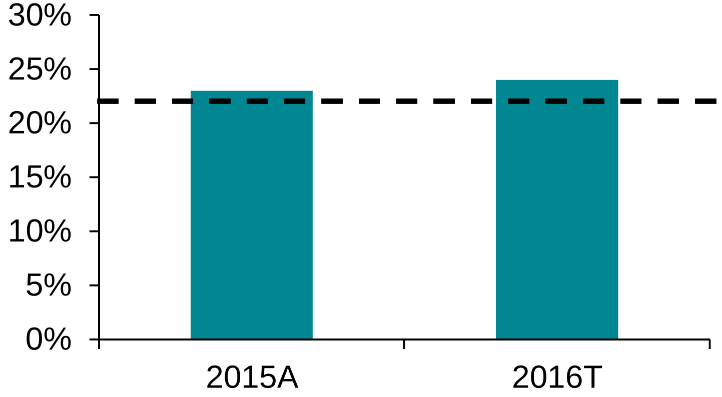
Capital Power is committed to maintaining investment grade

1) December 31, 2015 forward-looking estimate.

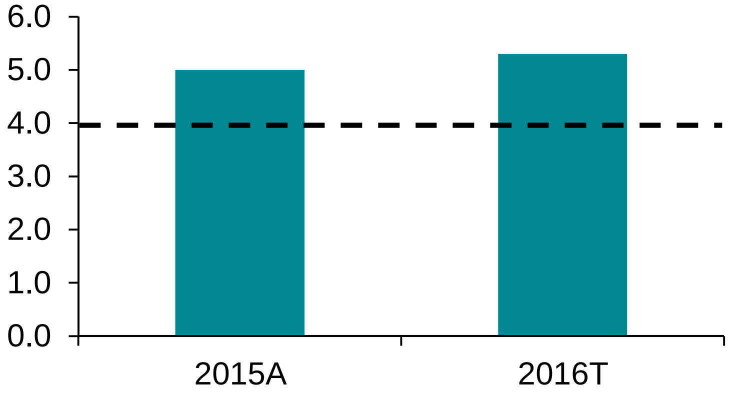
Credit metrics(1)

In line with DBRS financial criteria for current rating

Adj. Cash flow/Adj. Debt

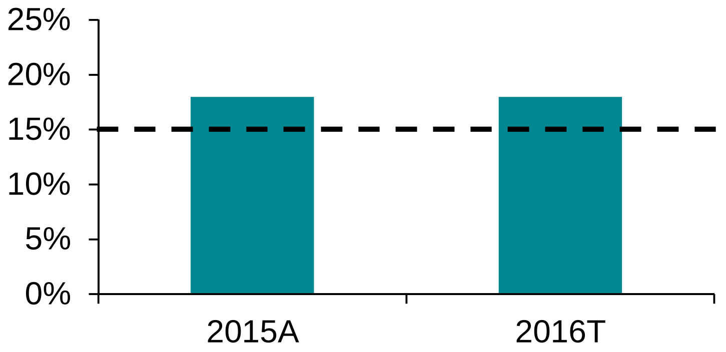


EBITDA/Adj. Interest

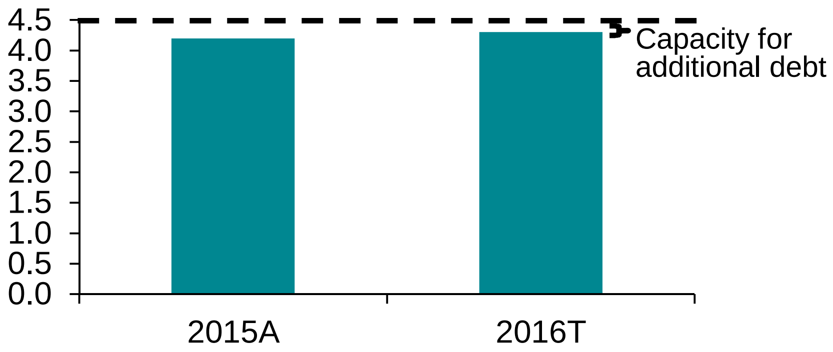


In line with S&P's financial criteria for current rating

Adj. FFO/Adj. Debt(2)



Adj. Debt/Adj. EBITDA(2)

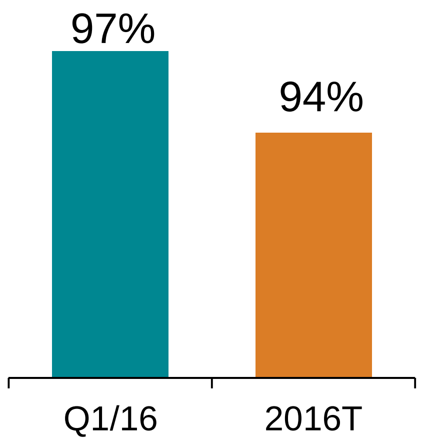


1) Metrics applicable to Capital Power Corporation beginning 2016.
2) Based on S&P's weighted average ratings methodology.

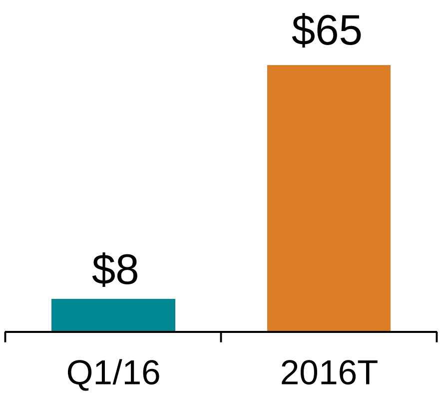
Q1/16 performance versus annual targets

Operational and financial targets

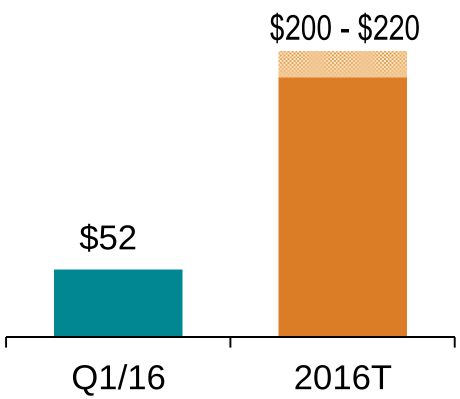
Plant availability



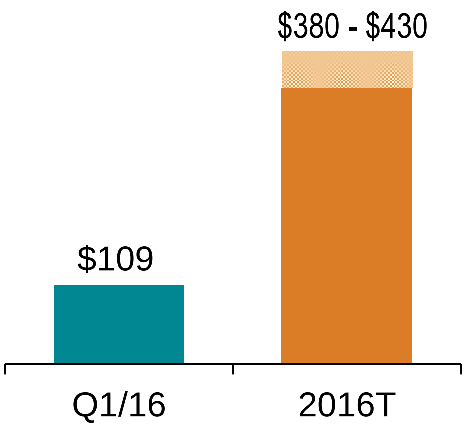
Sustaining capex ($M)



Plant operating & maintenance expenses ($M)



Funds from operations ($M)



On-track to meet 2016 targets

Attractive value proposition

- Excellent existing operations
- Continued growth in funds from operations
  - Able to increase the annual dividend through 2018 at 7%
- Significant growth opportunities
  - Genesee 4&5 best positioned to be the next large natural gas-fired generation project to be built in the province
  - Well-positioned to add renewable generation in the Alberta market
  - Numerous opportunities outside of Alberta

Well-positioned for the future

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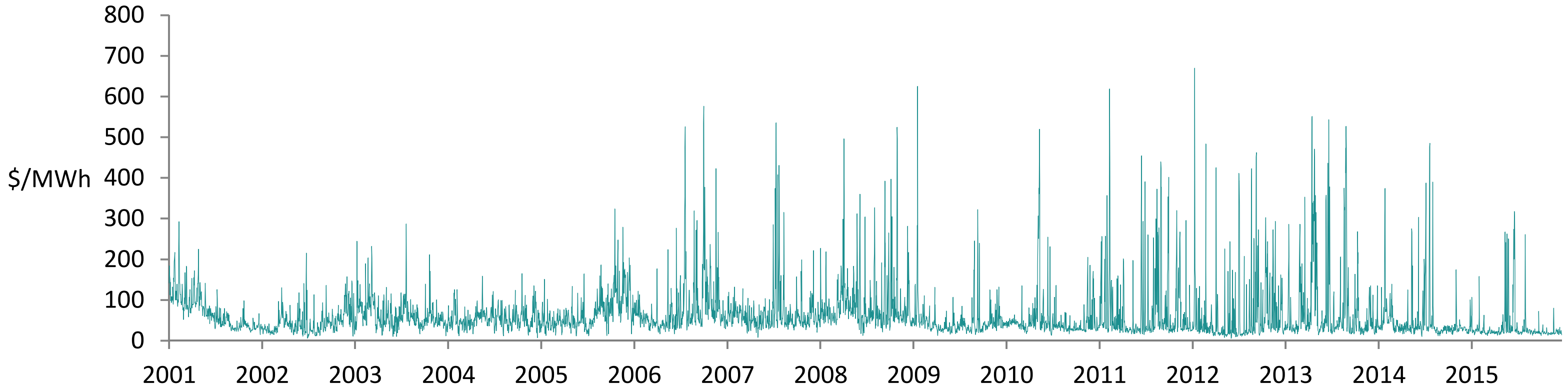
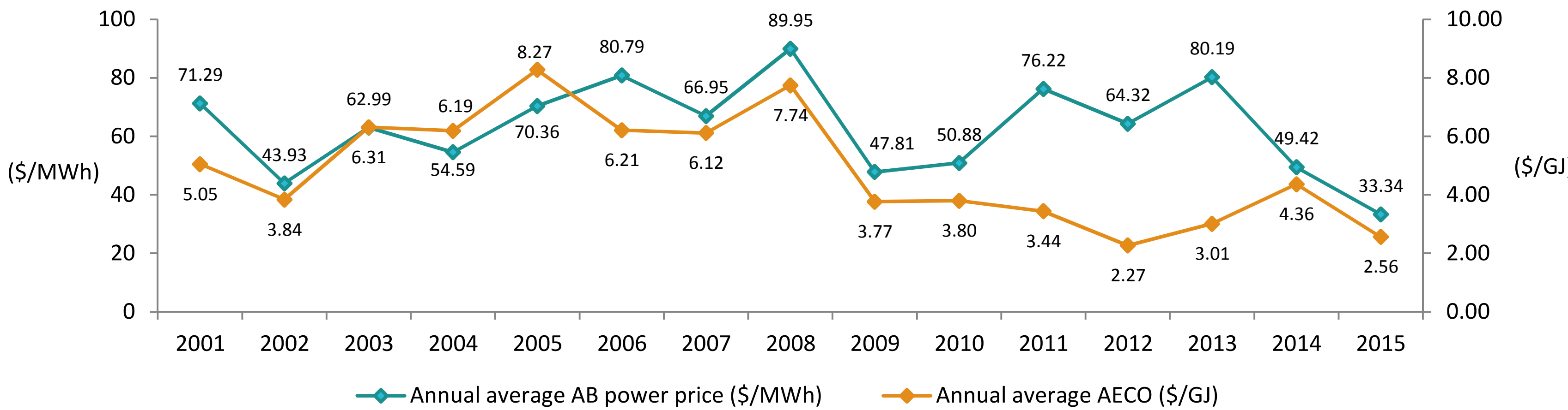
Historical Alberta prices

Daily average power prices



Annual average power prices and AECO

(Annual power prices have averaged $63/MWh in the past 15 years)



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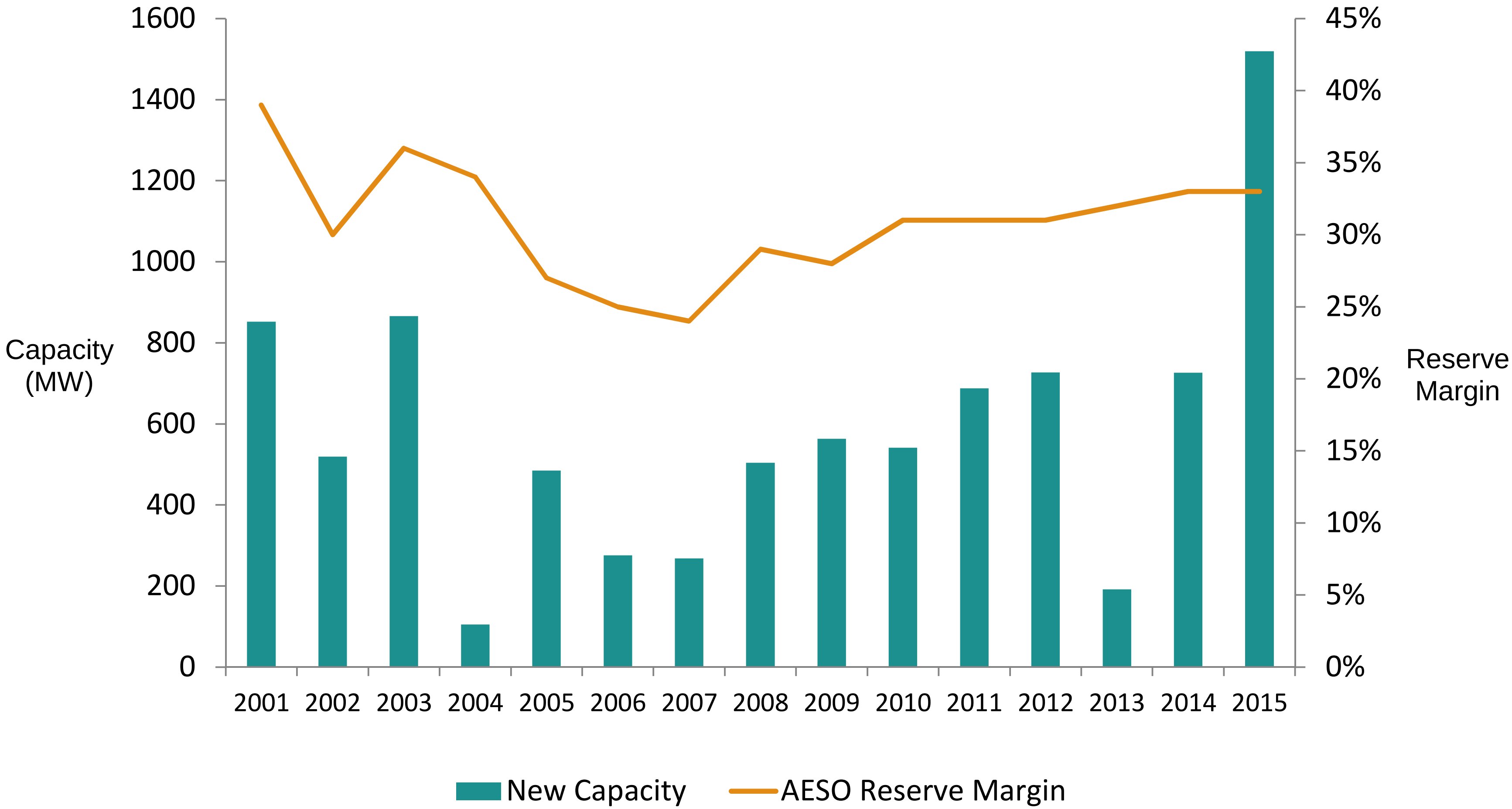
Alberta market design

Stable market design has signalled the addition of 7 GW of new generation



1) Source: AESO

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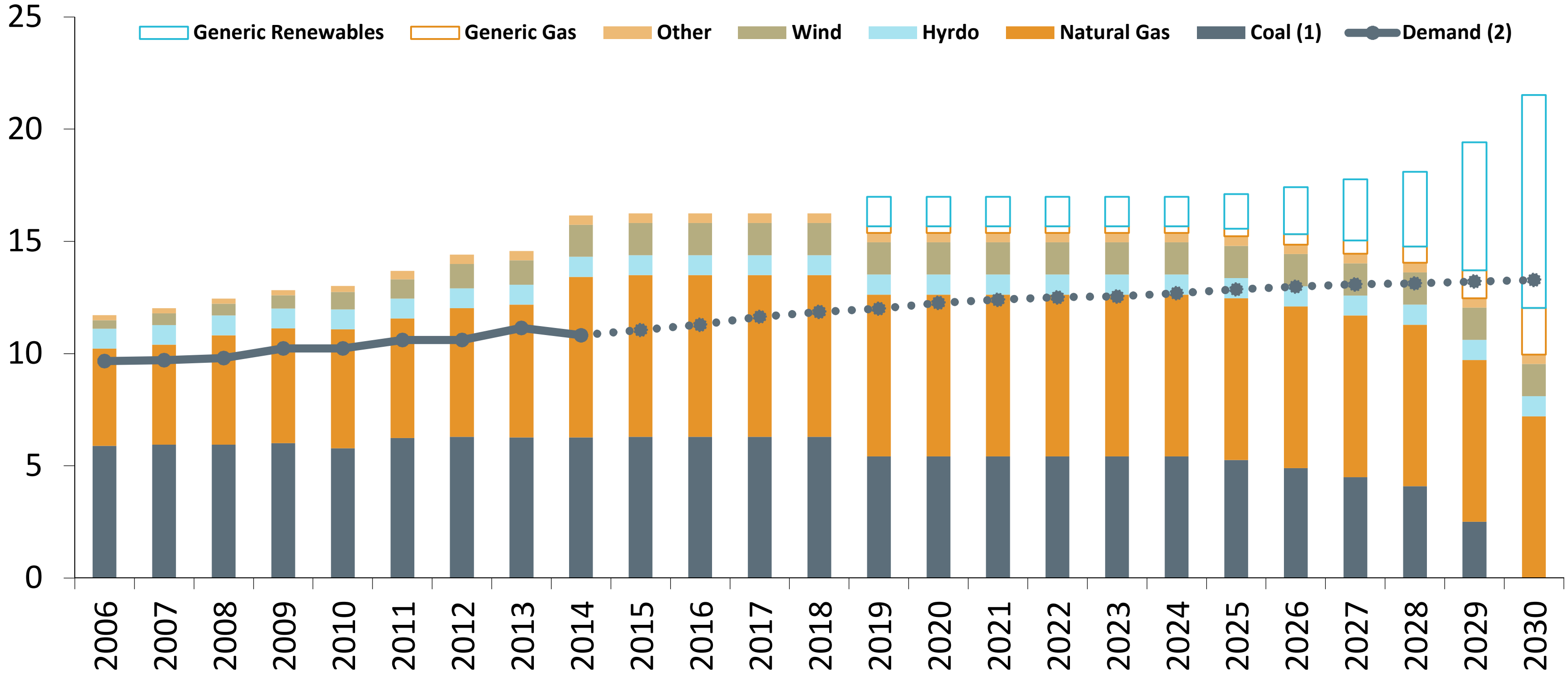
Illustrative view of new supply

Alberta supply and demand

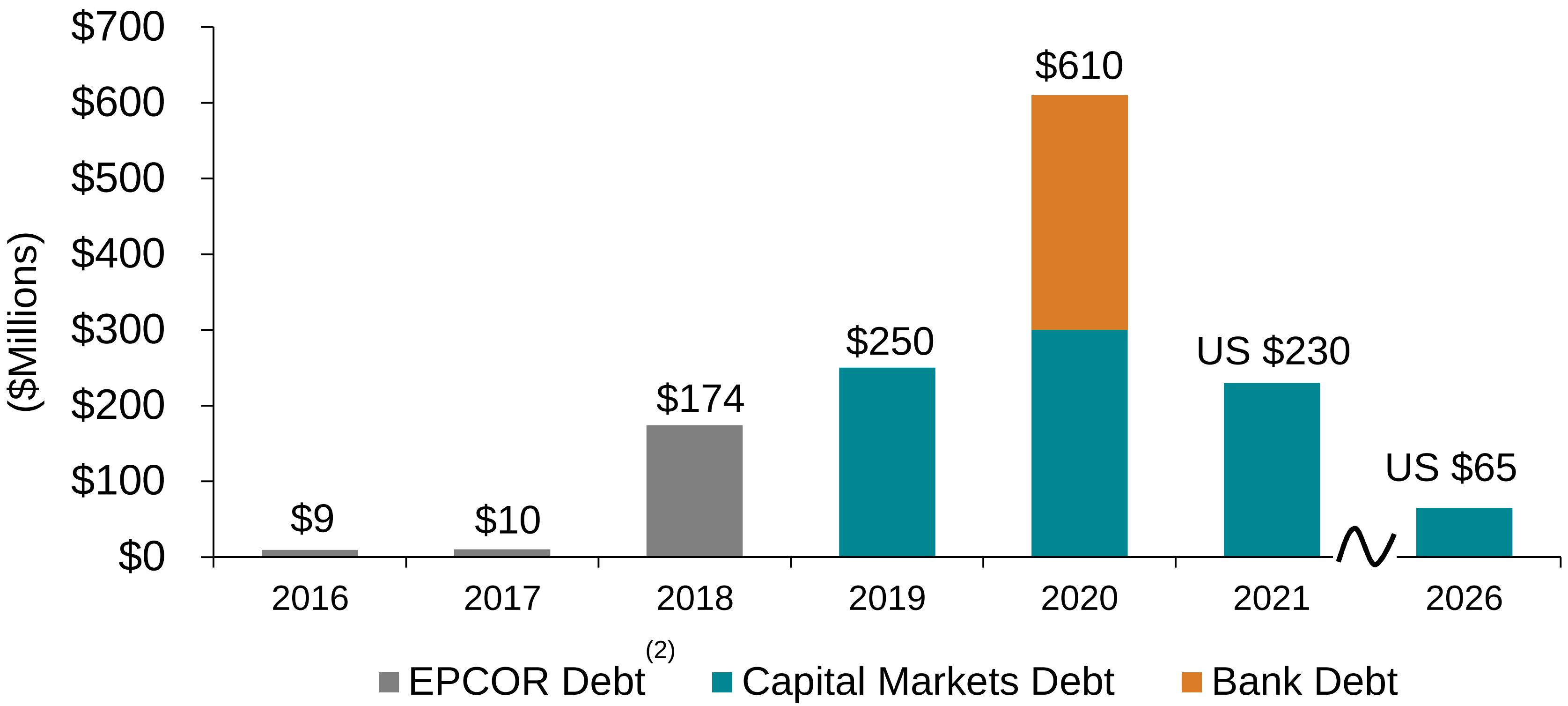
(Gigawatts)



1) Retirements between 2015 and 2030 reflect Federal Capital Stock Turnover dates.
2) AESO 2014 Long Term Outlook Low Growth Scenario.

Debt maturity schedule(1)

$1B(1) in committed credit facilities with 5-year tenor maturing 2020, of which $690M is available



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

1) As of March 31, 2016, excludes non recourse debt and tax-equity financing.
2) Callable debt, however does not mature until their respective years.

Summary of assets

	Genesee 1	Genesee 2	Genesee 3	Keephills 3	Joffre	Clover Bar Energy Centre	Clover Bar Landfill	Halkirk	Shepard Energy Centre
	Alberta Contracted		Alberta Commercial						
Capacity	430 MW	430 MW	516 MW	516 MW	480 MW	243 MW	5 MW	150 MW	800 MW
% owned / operated	100 / 100	100 / 100	50 / 100	50 / 0	40 / 0	100 / 100	100 / 100	100 / 100	50% / 0%
Location	Warburg	Warburg	Warburg	Wabamun	Joffre	Edmonton	Edmonton	Halkirk	Calgary
Fuel & equipment	Coal (50% ownership of coal mine)	Coal (50% ownership of coal mine)	Coal (50% ownership of coal mine)	Coal	Natural gas	Natural gas (Two 100 MW GE LMS100 turbines; 43 MW GE LM6000)	Landfill gas	Vestas wind turbines	Natural gas
Commercial Operations	1994	1989	2005	2011	2000	Unit 1 in 2008; units 2&3 in 2009	2005	2012	2015
PPA Expiry	2020	2020	Merchant	Merchant	Merchant	Merchant	Merchant	~40% - 45% of total revenues from 20-year REC sale agreement / Merchant	20-year tolling agreement on 50% of Capital Power's output

Summary of assets

	Kingsbridge 1	Island Generation	Quality Wind	Port Dover & Nanticoke	K2 Wind	Roxboro	Southport	Macho Springs	Beaufort Solar
	Ontario & British Columbia Contracted					U.S. Contracted			
Capacity	40 MW	275 MW	142 MW	105 MW	270 MW	46 MW	88 MW	50 MW	15 MW
% owned / operated	100 / 100	100 / 100	100 / 100	100 / 100	33.3% owned	100 / 100	100 / 100	100 / 100	100 (sale & leaseback) / 100
Location	Goderich, Ontario	Campbell River, BC	Near Tumbler Ridge, BC	Located in the counties of Norfolk and Haldimand, Ontario	Ashfield-Colborne-Wawanosh, Ontario	Roxboro, North Carolina	Southport, North Carolina	Luna County, New Mexico	Beaufort County, North Carolina
Fuel & equipment	Vestas wind turbines	Natural gas (Alstom GT24B gas turbine & Alstom steam turbine)	Vestas wind turbines	Vestas wind turbines	Siemens wind turbines	Mixture of wood residuals, tire-derived fuel and coal	Mixture of wood residuals, tire-derived fuel and coal	Vestas wind turbines	Solar
Commercial Operations	2006, 2001	2002	2012	2013	2015	1987	1987	2011	2015
PPA Expiry	2026 / 2027	2022	2037	2033	2035	2021	2021	2031	2030

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Projects under development/construction

	Genesee 4&5	Halkirk 2	Bloom Wind
	Alberta Commercial		U.S. Contracted
Capacity	Up to 1,060 MW	150 MW	178 MW
% owned / operated	50 / 100	100 / 100	100 / 100
Location	Warburg	Halkirk	Ford and Clark Counties, Kansas
Fuel & equipment	Combined-cycle natural gas (Mitsubishi J-Class natural gas turbine technology)	Wind	54.3 MW Vestas turbines
Commercial Operations	Targeted completion as early as 2020.		Construction to begin in Q3/16 with COD in Q3/17
PPA Expiry	8-year tolling arrangement with ENMAX for 50% of Capital Power's share of the output.		10-year fixed price contract with Allianz Risk Transfer, a subsidiary of Allianz SE, covering 100% of the output. Capital Power will swap the market revenue of Bloom Wind's generation for a fixed annual payment over a 10-year term. Agreement will secure long-term predictable revenues and mitigate generation volume uncertainty related to wind resources.
Expected Capital Cost	$1.4B for total project (excluding interest during construction and refundable transmission system contribution payments)		$358M (US$272M)

Non-GAAP financial measures

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

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

Reconciliations of these Non-GAAP financial measures are contained in the Company's Management's Discussion and Analysis prepared as of April 22, 2016 for the first quarter 2016, which is available under the Company's profile on SEDAR at SEDAR.com and on the Company's website at capitalpower.com.

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Forward-looking information

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

Material forward-looking information includes expectations regarding:

- future revenues, expenses, earnings and funds from operations,
- the future pricing of electricity and market fundamentals in existing and target markets,
- future dividend growth,
- the Company's future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions,
- the Company's sources of funding, adequacy and availability of committed bank credit facilities and future borrowings,
- future growth and emerging opportunities in the Company's target markets including the focus on certain technologies,
- the timing of, funding of, and costs for existing, planned and potential development projects and acquisitions,
- plant availability and planned outages,
- capital expenditures for plant maintenance and other,
- the impact of environmental regulations on the Company, its businesses, accounting policies, and emissions compliance costs,
- the impact of the Alberta Climate Leadership Plan (CLP) on the Company's future growth projects, including the Genesee 4 and 5 project, and
- compensation to be received by the Company from the Government of Alberta in respect of the proposed early retirement of coal facilities.

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

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

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

- changes in electricity prices in markets in which the Company operates,
- changes in energy commodity market prices and use of derivatives,
- regulatory and political environments including changes to environmental, financial reporting and tax legislation,
- power plant availability and performance including maintenance of equipment,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and availability of fuel, and
- changes in general economic and competitive conditions.

See Risks and Risk Management in the Company's December 31, 2015 annual MD&A for further discussion of these and other risks. Readers are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the 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.

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