Capital Power overview

- Growth-oriented North American IPP with ownership interest in 18 facilities in Canada and the U.S. totaling more than 3,200 MW
- ~700 MW of owned generation in advanced development in AB and under construction in Kansas
- Proven operating, development & construction expertise
- Strong contracted cash flow base supports dividend growth\(^1\); attractive yield of 7.4\(^2\)
- TSX (CPX); market cap of $2.0B\(^2\); average daily trading of ~490K\(^2\) shares

1) Subject to Board approval.
2) Dividend yield and market capitalization as of Aug 31/16. Average daily trading based on Aug 2016 YTD.
Alberta Climate Leadership Plan
Compensation for early phase-out of coal

- Meetings with government-appointed coal facilitator are on-going that focus on 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
- Facilitator reporting to AB Government by Sep/16; expect Government to provide more details in Q4 this year

<table>
<thead>
<tr>
<th>Facility</th>
<th>Generation Capacity (MW)</th>
<th>End of Life (CST)(^{(1)})</th>
<th>End of Life (Alberta CLP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheerness 1</td>
<td>390</td>
<td>2036</td>
<td>2030</td>
</tr>
<tr>
<td>Genesee 2(^{(2)})</td>
<td>430</td>
<td>2039</td>
<td>2030</td>
</tr>
<tr>
<td>Sheerness 2</td>
<td>390</td>
<td>2040</td>
<td>2030</td>
</tr>
<tr>
<td>Genesee 1(^{(2)})</td>
<td>430</td>
<td>2044</td>
<td>2030</td>
</tr>
<tr>
<td>Genesee 3(^{(2)})</td>
<td>516</td>
<td>2055</td>
<td>2030</td>
</tr>
<tr>
<td>Keephills 3(^{(2)})</td>
<td>495</td>
<td>2061</td>
<td>2030</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Retirements under federal Capital Stock Turnover (CST) regulations.
\(^{(2)}\) Capital Power owns Genesee 1 & 2 and has a 50% ownership in Genesee 3 and Keephills 3
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 (ie. gross number that includes non-stranded assets)
- Funds raised by Carbon Competitiveness Regulation (CCR) is estimated to be $3 billion per year

We believe Capital Power will be fairly compensated
Alberta Climate Leadership Plan
Renewables RFP process & maintenance of AB market design

- Alberta Electric System Operator (AESO) tasked with developing and implementing a Renewable Electricity Program (REP) to add additional renewable generation capacity by 2030 in concert with the retirement of current coal generating units
- Under CLP, 4,200 MWs of 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
- Alberta Government expected to provide direction on the REP by Q4/16 and AESO to initiate the process for the first procurement by year-end
Alberta opportunity set

Significant investment required over the next 14 years

- ~$30 billion
- 4,200 MWs in renewables to replace retirement of coal units with balance in natural gas and other to meet demand
- Capital Power well-positioned with our existing power sites, development and construction expertise, and strong track record of trading in Alberta

Well-positioned to participate in new generation
Alberta market forecasts

Current low power price environment
- Oversupply in the market
- Lower demand from weak AB economy
- Low natural gas prices

Expected uplift in power prices
- Expected recovery in demand growth
- Moderate increase in natural gas prices
- Pass-through of higher environmental compliance costs
- Mandated coal retirements near the end of this decade

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1) Power and gas forecasts represent the average forecasts of three leading 3rd party consulting firms as of July 2016.
2) Forwards as of June 30, 2016.
AB commercial baseload hedging profile

- Alberta Commercial baseload positions:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As of date</strong></td>
<td>Mar 31/16</td>
<td>Mar 31/16</td>
<td>Mar 31/16</td>
</tr>
<tr>
<td>% sold forward</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Avg. contracted prices(^{(1)}) ($/MWh)</td>
<td>Mid-$40</td>
<td>Mid-$40</td>
<td>Low-$50</td>
</tr>
<tr>
<td>Avg. forward prices ($/MWh)</td>
<td>$36</td>
<td>$38</td>
<td>$46</td>
</tr>
</tbody>
</table>

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

Baseload merchant exposure fully hedged in 2016-17 limiting exposure to weak short-term power prices
Improving contracted EBITDA\(^{(1,2,3)}\)

Substantial expansion in contracted EBITDA 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.
3) Capital Power’s share of EBITDA for all assets.
1) Merchant margin is calculated using $40/MWh and $70/MWh and is based on hedged position as at June 30, 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 2017-18.
4) Forwards as of June 30, 2016.

**Minimum AB power prices required to cover financial obligations & dividends**

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016F</td>
<td>$0/MWh</td>
</tr>
<tr>
<td>2017F</td>
<td>$0/MWh</td>
</tr>
<tr>
<td>2018F</td>
<td>Low $20s</td>
</tr>
<tr>
<td>2019F</td>
<td>Mid $30s</td>
</tr>
</tbody>
</table>

**Strong financial coverage**

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

<table>
<thead>
<tr>
<th>Agency</th>
<th>Ratings</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>BBB- / P-3</td>
<td>Stable</td>
</tr>
<tr>
<td>DBRS</td>
<td>BBB / Pfd-3 (low)</td>
<td>Negative</td>
</tr>
</tbody>
</table>

Debt to total capitalization

Corporate Liquidity

Capital Power is committed to maintaining investment grade

1) December 31, 2015 forward-looking estimate.
Acquire or develop contracted opportunities across North America and consider merchant opportunities in Alberta
Current growth projects

Genesee 4&5 (Alberta)
- 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
- Full notice to proceed decision contingent on
  - Fair compensation from Alberta Government for the 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

Bloom Wind (Kansas)
- Construction underway on the 178 MW wind project with COD targeted in Q3/17
- 10-year fixed price contract covering 100% of the output
Attractive value proposition

- Excellent existing operations
- Sustainable and growing dividend
- Significant growth opportunities
- Best positioned for Alberta power price recovery
  - Young and diverse fleet
  - Strong track record of operations and trading
  - Development & construction expertise to build natural gas and renewables

Well-positioned for the future
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