

Dividend Reinvestment Plan

Purpose

The Dividend Reinvestment Plan (the "Plan") allows eligible shareholders ("Shareholders") of Capital Power Corporation ("Capital Power") to conveniently purchase additional common shares of Capital Power ("Shares") at a 3% discount to the Average Market Price (as defined herein) by reinvesting their Dividends (as defined herein). The Plan provides an efficient and cost-effective way for Capital Power to issue additional equity to existing Shareholders.

Capital Power will determine prior to each dividend payment date the amount of new equity, if any that will be made available under the Plan on that date. No assurances can be made that new Shares will be made available under the Plan on a regular basis, or at all.

Definitions

Amendment Date means September 11, 2014.

Average Market Price means the average closing price of the Shares on the Toronto Stock Exchange for the ten trading days immediately preceding the applicable Dividend payment date.

Business Day means any day in which the Plan Agent's offices are generally open for the transaction of commercial business other than a Saturday, Sunday or other day on which banks are required to be closed in Calgary, Alberta or Toronto, Ontario or a day on which the Toronto Stock Exchange does not publicly trade.

CDS means CDS Clearing and Depository Services Inc., which acts as a nominee for many Canadian investment dealers and brokerage firms, or its nominee, as applicable.

Dividend means the cash dividend declared payable by Capital Power for any particular calendar quarter.

Nominee means a broker, investment dealer, financial institution or other nominee holder of Shares registered in its name on behalf of or for the account of an eligible beneficial owner of Shares.

Participants means Shareholders of at least one Share who, on the applicable record date for a Dividend, are enrolled in the Plan either directly through the Plan Agent or through their Nominee.

Plan Agent means Computershare Trust Company of Canada, its successors or assigns or such other trust company as is appointed by Capital Power from time to time to act as Plan agent under the Plan.

Advantages

Under the Plan, an eligible Shareholder may purchase new Shares of Capital Power with the Dividends paid on Shares. Effective as of the Amendment Date, the price of Shares purchased with reinvested Dividends will be 97% of the Average Market Price. No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Shares under the Plan. Full investment of funds is possible because the Plan permits

fractions of Shares (six decimal places) as well as whole Shares to be credited to Participants' accounts.

Dividends in respect of Shares that are held under the Plan for the account of a Participant will automatically be reinvested in additional Shares in accordance with the Plan.

Administration

Computershare Trust Company of Canada acts as Plan Agent under the Plan. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another trust company will be designated by Capital Power to act as Plan Agent and Participants will be promptly notified of the change.

The Plan Agent acts for and on behalf of the Participants. On each Dividend payment date, Capital Power will pay to the Plan Agent all Dividends in respect of Shares registered in the name of, or held under the Plan for the account of, Participants who have enrolled in the Plan. The Plan Agent will use such funds to purchase additional Shares directly from Capital Power. Additional Shares purchased under the Plan will be registered in the name of the Plan Agent or its nominee, as agent for the Participants, or credited to Participants' accounts.

In no event will interest be paid to Participants on any funds held for investment under the Plan.

Participation

Any Canadian resident holder of at least one Share is eligible for enrolment in the Plan at any time.

A registered Shareholder may enroll in the Plan at any time by duly completing an enrollment form and returning it to the Plan Agent or by enrolling online through Computershare's self-service web portal Investor Centre at www.investorcentre.com. A completed enrollment form must be received by the Plan Agent no later than five (5) business days prior to the applicable record date in order for that Dividend to be reinvested in the Plan.

Beneficial Shareholders whose Shares are not registered in their own names but are held through a Nominee may participate in the Plan by either: (i) having their Shares transferred into and registered in their own names, or (ii) by instructing their Nominee to participate in the Plan on their behalf while maintaining the Shares in the Nominee's account. Once a Shareholder has enrolled in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan.

By enrolling in the Plan, a Participant directs Capital Power to forward to the Plan Agent all of the Participant's quarterly Dividends on Shares enrolled in the Plan (including all Shares held under the Plan) and directs the Plan Agent to invest such Dividends in new Shares of Capital Power for the benefit of the Participant. The Plan Agent will apply such funds received under the Plan to the purchase of new Shares from the treasury of Capital Power.

The Nominee must provide a notice of election to CDS as per CDS's procedures and timeline on the beneficial Shareholder's behalf to be reinvested under the Plan. CDS in turn will send their election to the Plan Agent no later than 11:00 am on the applicable record date. Beneficial Shareholders who wish to participate in the Plan will need their Nominee to elect to participate on their behalf every Dividend period. However unless otherwise instructed by the beneficial

Shareholders, participation in the Plan will be continued by their Nominee every Dividend period.

Capital Power reserves the right to determine, from time to time, a minimum number of Shares that a Participant must hold in order to qualify for or continue enrolment in the Plan and reserves the right to refuse participation to, or cancel participation of, any person who, in the sole opinion of Capital Power is either participating in the Plan primarily with a view to arbitrage trading or participating or attempting to participate in the Plan in more than one capacity or as more than one Participant.

Proration in Certain Events

Capital Power will determine on or before each Dividend record date the amount of equity, if any, that will be made available under the Plan on the Dividend payment date to which such record date relates.

If, in respect of any Dividend payment date, fulfilling all of the Participants' entitlements under the Plan would result in Capital Power exceeding the limit on new equity set by Capital Power, then purchases of Shares on the applicable Dividend payment date will be prorated among all Participants.

If Capital Power determines not to issue any equity through the Plan on a particular Dividend payment date, or to the extent that the availability of new Shares is prorated in accordance with the terms hereof, then Participants will receive from Capital Power the Dividends to which they would otherwise be entitled on such date and which are not reinvested as a result of such determination or proration.

Price of New Shares

On each Dividend payment date, Capital Power will, on behalf of the Participants, pay to the Plan Agent all funds that are eligible for investment in new Shares on such date. Effective as of the Amendment Date, the subscription price of new Shares purchased under the Plan will be 97% of the Average Market Price for that Dividend payment date.

Each Participant's account will be credited with the number of Shares purchased for the Participant, including fractions computed to six decimal places.

Costs

No commission, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Shares under the Plan. All administrative costs of the Plan, including the fees and expenses of the Plan Agent, will be borne by Capital Power. However, Participants who enroll in the Plan through a Nominee may be subject to Nominee fees.

Accounts and Reports to Participants

An account will be maintained by the Plan Agent for each Participant in the Plan. With each quarterly Dividend, an unaudited statement of account will be mailed to each Participant. These statements are a Participant's continuing record of purchases and should be retained for income tax purposes. In addition, each Participant will receive the appropriate information annually for tax reporting purposes. Beneficial Shareholders who are enrolled in the Plan through a Nominee should consult their Nominee to confirm what statements or reports, if any, will be provided by the Nominee.

The calculation and monitoring of each Participant's adjusted cost base in Shares for income tax purposes will be the responsibility of each Participant, as certain averaging rules may apply and such calculations may depend on the cost of other Shares held by the Participant.

Withdrawal from the Plan

Shares purchased and held under the Plan will be registered in the name of the Plan Agent or its nominee, as agent for the Participants, and certificates for such Shares will not normally be issued to Participants unless specifically requested in writing.

A registered Shareholder who is enrolled in the Plan may at any time request to have a Share certificate or a Direct Registration System ("DRS") Advice issued for any number of whole Plan Shares held for the Participant's account under the Plan without terminating their participation in the Plan by duly completing the withdrawal portion of the voucher located on the reverse of the Participant's statement and sending it to the Plan Agent. DRS Advice or certificates will normally be issued within three (3) weeks of receipt by the Plan Agent of the Participant's request. Any remaining whole Shares and any fraction of a Share will continue to be held for the Participant's account under the Plan. This does not apply to Participants who are participating via CDS or another Nominee.

Accounts under the Plan are maintained in the names in which Shares are registered at the time the Participants entered the Plan. Shares held by the Plan Agent for a Participant under the Plan may not be pledged, sold or otherwise disposed of by the Participant while so held.

Termination of Participation

A registered Shareholder who is enrolled in the Plan may voluntarily terminate participation in the Plan by following the instructions at Computershare's Investor Centre web portal, at www.investorcentre.com or by delivering to the Plan Agent a duly completed termination portion of the voucher on the reverse of the statement of account provided each quarter to Participants. Beneficial Shareholders must contact their Nominee to terminate their participation in the Plan. Participation in the Plan will be terminated automatically following receipt by the Plan Agent of a written notice of the death of a Participant.

When a Participant terminates participation in the Plan, the Participant will receive a DRS Advice or Share certificate for the number of whole Shares held for such Participant's account and a cheque for any fraction of a Share held. Any fractional Share interest will be paid by cheque with the amount calculated based on the Average Market Price of the Shares applicable to the Dividend record date immediately preceding the effective date of termination.

If a termination notice, or notice of a Participant's death, is not received by the Plan Agent prior to 3:00 p.m. on the fifth (5) Business Day immediately preceding a Dividend record date then the Participant's account will not be closed, and participation in the Plan by such Participant will not be terminated, until after the Dividend payment date to which such record date relates.

Subdivisions

If Shares are distributed pursuant to a subdivision of Shares, the additional Shares received in respect of Shares held under the Plan will be credited to the accounts of Participants.

Shareholder Voting

Whole Shares of a Participant enrolled in the Plan on the record date for a vote of Shareholders will be voted in the same manner and in accordance with the same instructions of the Participant as any other Shares. No voting rights will attach to any fraction of a Share held in a Participant's account.

Responsibilities of Capital Power and the Plan Agent

Neither Capital Power nor the Plan Agent shall be liable to any Shareholder for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims for liability:

- a) arising out of failure by CDS or any other Nominee to enroll or not enroll in the Plan any Shareholder in accordance with the Shareholder's instructions or to not otherwise act upon a Shareholder's instructions;
- b) arising out of a failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- c) with respect to the prices and times at which Shares are purchased on behalf of a Participant;
- d) with respect to decisions by Capital Power to raise or not raise equity through the Plan in any given Dividend period, or the amount of equity raised, if any;
- e) with respect to any decision to amend or terminate the Plan in accordance with the terms hereof;
- f) arising out of any determination made by Capital Power or the Plan Agent as to a Shareholder's eligibility to participate in the Plan, including the cancellation of a Shareholder's participation for failure to satisfy the eligibility requirements;
- g) for any income taxes or other liabilities-payable by any registered or beneficial Shareholder in connection with their direct or indirect participation in the Plan; and
- h) arising out of a prorating, for any reason, of the amount of equity available under the Plan in the circumstances described herein.

Participants should recognize that neither Capital Power nor the Plan Agent can assure a profit or protect them against a loss on the Shares purchased under the Plan.

Shareholders should also be aware that certain Nominees may not allow participation in the Plan, and neither Capital Power nor the Plan Agent is responsible for monitoring or advising which Nominees allow participation.

Canadian Federal Income Tax Considerations

The following is a summary of the material Canadian federal income tax considerations generally applicable to Shareholders who are resident in Canada, or who are deemed to be resident in Canada, and who participate in the Plan. This summary is of a general nature only and is not exhaustive of all possible tax considerations and is not intended to be legal or tax advice to any particular holder of Shares. Shareholders are advised to consult a tax advisor as to the consequences of participation in the Plan.

This summary is based on the provisions of the Income Tax Act (Canada) ("Act") and the regulations thereunder (the "Regulations"), all specific proposals to amend the Act publicly announced by or on behalf of the Minister of Finance (Canada) and the administrative and assessing practices of the Canada Revenue Agency (the "CRA") as of the Amendment Date.

This summary does not take into account or anticipate any changes in law or administrative practice which may occur after the Amendment Date.

This summary assumes that all Shares held by the Participant, including shares purchased pursuant to the Plan, are held as capital property for purposes of the Act.

This summary is not applicable to: (i) a Participant that is a financial institution for purposes of the "mark to market" rules in the Act; (ii) a Participant that is a "specified financial institution" or a "restricted financial institution" for purposes of the Act; (iii) a Participant an interest in which would be a "tax shelter investment" for purposes of the Act; or (iv) a Participant that has made a "functional currency" election under the Act to determine its Canadian tax results in a currency other than Canadian currency.

All cash dividends reinvested on behalf of a Participant will be subject to the tax treatment normally accorded to taxable dividends received by the Participant directly from Capital Power. For example, in the case of a Participant who is an individual, dividends will be subject to the gross-up and credit rules or, in the case of a Participant that is a private corporation or one of certain other corporations, a refundable tax will apply to the amount of the dividend. Other taxes could apply depending on the circumstances of the Participant. The fact that dividends are reinvested pursuant to the Plan does not affect the taxability of dividends to the Participant nor the status of any dividend as an "eligible dividend" under the Act.

A Participant will not realize any taxable income on receipt of a certificate for whole Shares in his or her account, whether upon request for such certificate from the Participant's account, upon termination of participation of that Participant or upon termination of the Plan by Capital Power. However, a Participant who holds Shares as capital property may realize a capital gain (or a capital loss) on the sale or exchange of whole and fractional Shares acquired through the Plan equal to the amount by which the proceeds of disposition are greater (or less) than the Participant's adjusted cost base of such Shares plus any reasonable costs incurred by the Participant in connection with the disposition.

For purposes of determining the amount of any capital gain (or capital loss) which may result from the disposition of Shares, the adjusted cost base of Shares owned by a Participant is the average cost of all such Shares owned and acquired by a Participant subsequent to 1971, whether acquired through reinvesting dividends or otherwise acquired outside the Plan. The cost of a Share credited to a Participant's account pursuant to the Plan will equal the price of such Share, calculated in the manner described above under "Price of New Shares". If a Participant is a corporation, the amount of any capital loss arising from a disposition or deemed disposition of such Shares may be reduced by the amount of dividends received or deemed to have been received by it on such shares to the extent and under circumstances described in the Act.

Generally, one-half of any capital gain realized by a Participant on a disposition of Shares must be included in the Participant's income for the year as a taxable capital gain and one-half of any capital loss realized by a Participant on a disposition of Shares in a taxation year will be an allowable capital loss which must be deducted from any taxable capital gains realized by the Participant in the year of disposition. 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 set out in the Act.

For the purpose of calculating an individual's alternative minimum tax, 80% of capital gains and the full amount of dividends received (exclusive of the gross-up) are included in "adjusted taxable income", as defined in the Act, of a Participant.

Amendment, Suspension or Termination of the Plan

Capital Power reserves the right to amend, suspend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of Participants. Where required, amendments to the Plan will be subject to the prior approval of the Toronto Stock Exchange. Capital Power will notify Shareholders of any amendment, suspension or termination of the Plan in accordance with the Plan and any applicable securities law requirements. If Capital Power terminates the Plan, a DRS Advice or Certificate for whole Shares held for Participants' accounts under the Plan and cheques for any fraction of a Share will be remitted with due dispatch by the Plan Agent to the Participants. If Capital Power suspends the Plan, no investment will be made for the Plan Agent on the Dividend payment date immediately following the effective date of such suspension, and any Dividends paid after the effective date of such suspension that would, but for the suspension, be reinvested under the Plan, will be remitted to the Participants.

Withholding Taxes

The Plan is subject to any withholding obligations that Capital Power may have with respect to taxes or other charges under applicable laws, and any amounts to be reinvested hereunder shall be net of any amounts required to be withheld.

Interpretation

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by Capital Power.

Communication

All communications to the Plan Agent and requests for forms or information regarding the Plan should be directed to:

Computershare Trust Company of Canada
100 University Avenue, 8th Floor, North Tower
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Department
Toll-free: 1.800.564.6253 (in North America)
Telephone: 514.982.7555
Website: www.investorcentre.com/service

Effective Date

The Plan, dated effective January 1, 2012, is amended and restated as set out and described herein effective as of the Amendment Date.