

Dividend Reinvestment Plan Q&A

The following questions and answers explain some of the key features of the Dividend Reinvestment Plan (the "Plan") of Capital Power Corporation ("Capital Power") dated January 1, 2012, as amended and restated effective September 11, 2014 (the "Amendment Date").

The answers are of a summary nature only, and as such are designed only to give Shareholders guidelines with respect to the Plan's operation. For further information, Shareholders should refer to the complete text of the Plan which is located on the Plan Agent's website at www.investorcentre.com or from Capital Power's website. Shareholders should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.

1. What does the Plan offer?

If you are an eligible holder ("Shareholder") of common shares ("Shares") of Capital Power the Plan provides an opportunity for you to receive, by reinvesting the cash dividends ("Dividends") declared payable by Capital Power on your Shares, additional Shares at a 3% discount to the Average Market Price (as defined in the Plan), which new Shares will be issuable pursuant to the Plan, subject to the terms and conditions of the Plan.

You are not required to participate in the Plan. If you do not elect to participate, then you will continue to receive your regular Dividends in the normal manner.

2. What are the advantages of the Plan?

The Plan represents a convenient and cost-effective way for you to increase your investment in Capital Power without incurring commissions, service charges or similar fees in connection with the purchase of new Shares from treasury (subject to any fees that may be charged by your broker, investment dealer, financial institution or other nominee holder of Shares ("Nominee")). The new Shares purchased with reinvested Dividends will be bought at 97% of the Average Market Price. Subject to the policies of your Nominee, full investment of reinvested funds is possible since fractions of Shares (six decimal places) can be credited to accounts maintained under the Plan. Once enrolled, any future cash dividends on Shares enrolled in the Plan will automatically be reinvested in Share which will be retained in your account.

3. Who is eligible to participate in the Plan?

Any Canadian resident holder of at least one Share of Capital Power may enroll in the Plan at any time.

4. How do I become a participant in the Plan?

Registered Shareholders

If you are a registered Shareholder, you may enroll in the Plan at any time by duly completing an enrolment 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 enrolment 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

If you are a beneficial Shareholder, where your Shares are not registered in your own name but are held through a Nominee, you may participate in the Plan by either:

- (i) having your Shares transferred into and registered in your own name, or
- (ii) by instructing your Nominee to participate in the Plan on your behalf while maintaining the Shares in your Nominee's account.

Capital Power and the Plan Agent reserve the right to deny or cancel participation in the Plan in certain extraordinary circumstances described in the Plan.

5. What will be the price for new Shares purchased for my account under the Plan?

New Shares purchased under the Plan with reinvested dividends will be priced at a 3% discount to the Average Market Price.

6. Will a Direct Registration Advice or Share certificate be issued for new Shares purchased for me under the Plan?

A DRS Advice or Certificate will not be issued for new Shares that are purchased and held by the Plan Agent under the Plan. If you are a registered Shareholder who is enrolled in the Plan, you may at any time request to have a DRS Advice or a Share certificate issued for any number of whole Plan Shares held for your account under the Plan without terminating your participation in the Plan. Any remaining whole Shares and any fraction of a Share will continue to be held for your account under the Plan. If you are a beneficial Shareholder who is enrolled in the Plan through your Nominee, please check with the Nominee for their process for certificate issuance.

7. Can I sell Shares held for my account under the Plan?

Any Shares held under the Plan by the Plan Agent for your account cannot be sold, pledged or otherwise disposed of while so held. If you wish to sell any such Shares, you must first withdraw them from the Plan.

8. How can I terminate my participation under the Plan?

You 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.

Beneficial Shareholders must contact their Nominee to terminate their participation in the Plan. When you terminate participation in the Plan, you will receive a DRS Advice or Share certificate for the number of whole Shares held and a cheque for any fraction of a Share held. Any fractional Share interest will be paid by cheque with the amount calculated on the Average Market Price of the Shares applicable to the Dividend record date immediately preceding the effective date of termination.

9. Are there circumstances where I may not be able to acquire additional Shares?

Your ability to acquire additional Shares under the Plan on any particular Dividend payment date depends on the amount of new equity, if any, that Capital Power decides to make available under the Plan for that Dividend payment date.

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.

10. How will the Plan Agent purchase new Shares for me?

On each Dividend payment date, the Plan Agent will, on your behalf, reinvest the Dividends payable on your Shares that are enrolled in the Plan in new Shares purchased directly from Capital Power at a 3% discount to the Average Market Price. These new Shares will be credited to your account in the Plan or to CDS. CDS will then credit your Nominee.

11. What are the Canadian income tax consequences for Canadian residents participating in the Plan?

The following comments apply only to Shareholders who participate in the Plan and thereby acquire additional Shares.

The fact that Capital Power Dividends are reinvested under the terms of the Plan does not relieve you of any liability for Canadian income taxes that may be payable on such dividends. The amount reinvested by you will be your cost of the Shares acquired under the Plan. Such cost normally must be averaged with the cost of all other Shares you hold for the purpose of determining the adjusted cost base of each of your Shares held as capital property. Capital gains or losses arising on a disposition of your Shares will be measured by reference to the adjusted cost base of all your Shares.

Additional summary information regarding the income tax consequences of participating in the Plan is set forth in the text of the Plan itself. **You should consult your tax advisors concerning the tax implications of your participation in the Plan having regard to your particular circumstances.**

12. Where can I get further information?

If you have any questions regarding the Plan, please direct them to the Plan Agent or to Capital Power, as follows:

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

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