Investor Presentation

51st EEI Financial Conference, Phoenix
November 8, 2016
FORWARD-LOOKING STATEMENTS DISCLAIMER

Certain written and oral statements contained in this presentation and discussion are forward-looking within the meaning of certain securities laws and reflect the views of Algonquin Power & Utilities Corp. (the “Company”) with respect to future events, based upon assumptions relating to, among others, the performance of the Company’s assets and the business, financial and regulatory climates in which it operates. These forward looking statements include, among others, statements with respect to the expected performance of the Company, its future plans and its dividends to shareholders.

Since forward-looking statements relate to future events and conditions, by their very nature they require us to make assumptions and involve inherent risks and uncertainties. We caution that although we believe our assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that our actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors include those presented in the Company’s annual financial results, the annual information form and most recent quarterly management’s discussion and analysis. Given these risks, undue reliance should not be placed on forward-looking statements, which apply only as of their dates. Except as required by law, the Company does not intend to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

NON-GAAP FINANCIAL MEASURES

The terms “adjusted net earnings”, “adjusted earnings before interest, taxes, depreciation and amortization” (“Adjusted EBITDA”), “adjusted funds from operations”, “per share cash provided by adjusted funds from operations”, “per share cash provided by operating activities”, “net energy sales”, and “net utility sales”, (together the “Financial Measures”) may be used in this presentation. The Financial Measures are not recognized measures under GAAP. There is no standardized measure of the Financial Measures, consequently APUC’s method of calculating these measures may differ from methods used by other companies and therefore may not be comparable to similar measures presented by other companies. A calculation and analysis of the Financial Measures can be found in APUC’s most recent Management Discussion & Analysis. Per share cash provided by operating activities is not a substitute measure of performance for earnings per share. Amounts represented by per share cash provided by operating activities do not represent amounts available for distribution to shareholders and should be considered in light of various charges and claims against APUC.
Overview – Algonquin Power & Utilities Corp.

### DISTRIBUTION

US distribution utility - predictable earnings growth

- Since 2001
- Diversified state regulation
- 13 jurisdictions
- 69% of 2017 EBITDA
- 100% US-based
- C$2.7B in utility assets
- 564,000 customers
- C$1.6B investment potential

### TRANSMISSION

Regulated transmission - attractive risk-adjusted returns

- Since 2014
- Federal/State regulated
- Natural gas pipelines and electrical transmission
- North American focus

### GENERATION

Renewable power – high quality assets support earnings growth

- Since 1988
- Long-term contracted facilities
- 29% of 2017 EBITDA
- 45% Canada / 55% US
- C$2.3B in power assets
- 1,360 MW installed capacity
- C$1.3B investment potential in 511 MW development portfolio

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**The Empire District Electric Company**

- State regulated MO, OK, AR, KS
- 218,000 customers
  - 169,500 electric, 44,000 gas, 4,500 water
- C$3.5B in total utility assets
- C$900M investment potential

- Over 1,200 miles of electric transmission lines
- Over 85 miles of natural gas transmission

- 8 operational regulated rate based generation assets
- Installed capacity of 1,412 MW
Our Strategic Objectives

Avenues for Growth

Financial Goals

- Dividend Growth: 10% CAGR
- EPS and FFOPS: 10% CAGR
- Assets and EBITDA Growth: 15 - 20% CAGR

Numerous strategies available to ensure predictable, sustainable growth over the short, medium and long-term

- Regulated Utilities
- Acquisitions
- Canada
- Diversified modalities
- Contracted power generation
- Organic growth
- United States
- Local expansion
REGULATED UTILITY PORTFOLIO

- Predictable earnings, strong cash flow and return protection from water, electricity and natural gas distribution utility systems
- Continued growth through investment and expansion in service territories and the pursuit of accretive acquisitions in supportive regulatory environments
- Regulated ROEs 9% - 10%
- Pending acquisition of Empire to add U.S. $2.7 billion Net Utility Assets, 218,000 customers

Growth through diversified regulated utility acquisitions, organic investments and rate cases
**Distribution: US$4.0 B investment potential**

**Distribution EBITDA 2016**

- ~US$275M
- 63% Natural Gas
- 19% Electricity
- 17% Water

**Distribution EBITDA 2020**

- ~US$700M
- 50% Water
- 30% Electricity
- 19% Natural Gas

### Investment opportunities

<table>
<thead>
<tr>
<th>Year</th>
<th>Organic investments, customer growth</th>
<th>EBITDA Impact</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Organic investments, customer growth</td>
<td>US$39.7 M in rate requests completed or pending</td>
<td>Park Water – US$340 M water distribution utility in CA and MT - 74,000 customers</td>
</tr>
<tr>
<td>2017</td>
<td>Empire District Electric Company acquisition</td>
<td>~US$250 – 270 million</td>
<td>US$2.4 B acquisition adds 218,000 customers in MO, AK, OK, KA</td>
</tr>
<tr>
<td>2017 – 2020</td>
<td>Organic investments, customer growth</td>
<td>New rate requests expected in each of our electric, gas, and water utilities</td>
<td>Pursuit of accretive, complementary acquisitions to Liberty's existing base of regulated utility assets</td>
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</table>

1. APUC estimate. Includes Empire (acquisition pending), along with Empire’s regulated generation assets.
Empire Brings Scale, Accretion, Growth Platform

Empire District Electric Company - Overview

- Expected close in Q1, 2017
- ~100% regulated utility
- States: Missouri, Oklahoma, Arkansas, and Kansas
- Acquisition price: US$2.4 billion
  - **Equity**: C$1.15 billion convertible debenture offering
  - **Debt**: Assuming $0.9 billion of existing Empire debt
  - **Future financing**: ~US$0.6 billion of debt required
- Empire expands our Net Utility Assets by 180%, and our total Customer by 40%

Empire’s service area complements Algonquin’s

Business mix

- **Net Income**
  - US$57M
- **Net Utility Assets**
  - US$2.7B

- **Electric** 92%
- **Other** 5%
- **Gas** 3%
- **Missouri** 85%
- **Kansas** 5%
- **Arkansas** 3%
- **FERC** 4%
- **Oklahoma** 3%
Strategic Rationale

- **Accretive** transaction for per share earnings and cash flows. Consistent with Algonquin’s targeted 10% dividend CAGR
- **Scale**: Operational and financial efficacies of scale across regulated business
- **Greening of EDE Portfolio**: Pursuit of investment in coal replacement/displacement with renewables and natural gas
- **Draws on our renewables expertise** for potential replacement of market sourced energy with development of rate based renewable generation
- **Facilitation of Growth**: Creates opportunities for further mid-west investment

<table>
<thead>
<tr>
<th>Feb 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Announced</td>
<td>Regulatory approval process</td>
<td>Transaction Close</td>
<td></td>
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<tr>
<td>✓ FERC – Approval received</td>
<td></td>
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<tr>
<td>✓ Oklahoma – Approval received</td>
<td></td>
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<tr>
<td>✓ Empire Shareholders – Approval received (95.5% in favour)</td>
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<tr>
<td>✓ Missouri – PSC approval received, Order effective Oct. 7</td>
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<td>✓ Arkansas – PUC Stipulation Agreement filed</td>
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**Kansas is our final required approval**

- Kansas – Final approval no later than January 10th, 2017
A Platform for New Investment

Missouri - State focus on ‘Contemporary Resource Planning’

- **Order issued October 26th** setting out issues for inclusion in future resource planning
- **Recognizes the need for utilities to evolve** to meet the needs of customers and the environment
- **Strong alignment with our plans** to investigate opportunities to replace coal with a less carbon-intensive generation mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal replacement</th>
<th>Renewables and natural gas</th>
<th>AMI, Interval meters</th>
<th>Electric Vehicles</th>
<th>Energy Efficiency</th>
<th>Distributed generation</th>
<th>Energy storage + grid stability</th>
<th>Transmission grid upgrades</th>
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<tbody>
<tr>
<td>2016</td>
<td>$124</td>
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<td>2017</td>
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<td>2018</td>
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<tr>
<td>2019</td>
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<td>2020</td>
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RENEWABLE ENERGY PORTFOLIO

- Attractive returns and strong cash flow from renewable and clean energy generation sourced from water, wind, solar, and natural gas
- 85% of generation under long term power purchase contracts with inflation escalators
- Six projects in pipeline, 160 MW under construction
- Target unlevered after-tax IRR of greater than 8%

Renewable power generation providing attractive, growing returns

36 renewable and clean energy facilities
511 MW contracted projects in development/construction
1,360 MW installed capacity
14 years Average PPA length¹

1. Production-weighted average, based on portfolio at year-end 2015.
## Generation EBITDA 2016

![Generation EBITDA 2016 chart](chart1.png)

## Generation EBITDA 2020

![Generation EBITDA 2020 chart](chart2.png)

### Strong Power Project Development Pipeline

<table>
<thead>
<tr>
<th>Generation Type</th>
<th>Total Capacity (MW)</th>
<th>Investment Potential ($millions)</th>
<th>Wtd. Average PPA Term (by production - years)</th>
<th>Production (GWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>426</td>
<td>1,074</td>
<td>22.3</td>
<td>1,576</td>
</tr>
<tr>
<td>Solar</td>
<td>85</td>
<td>267</td>
<td>11.4</td>
<td>176</td>
</tr>
<tr>
<td>Total</td>
<td>511</td>
<td>1,341</td>
<td>21.2</td>
<td>1,735</td>
</tr>
</tbody>
</table>

**Weighted average PPA length in 2020 to be extended to ~16 years**

1. 2016 EBITDA based on 2015 EBITDA and Management guidance on EBITDA growth
Regulated transmission opportunities provide attractive risk-adjusted returns

REGULATED TRANSMISSION PORTFOLIO

- **California Intra-State Transmission:** Regulatory approvals received, capital investment of ~ US$55 million
- **Empire Electric transmission:** EDE acquisition brings electric transmission assets of ~$300 million and ~$30 million/year in near term investment potential
- **Canadian transmission development:** Pursuing opportunities to underserved areas of northern Ontario (Canada)
- **Natural gas transmission investment:** Focus on alleviation of gas constraints in U.S. Northeast
Evolution of Our Results Up to 2020

EBITDA WALK

$millions

2015 2020

$0 $1,200

$200 $1,000

$400 $800

$600 $600

$800 $800

$1,000 $1,000

$1,200 $1,200

Empire

Transmission

Distribution

Generation

2020 Projected EBITDA split

>15% CAGR

2015 - 2020

Distribution – 56%

Natural Gas
Electricity
Water
Other

Generation – 35%

Wind
Hydro
Solar
Thermal

Transmission – 9%
Robust growth model

- ~$7.5 billion pipeline of commercially secured investment opportunities
- Low dividend payout disconnects growth from capital markets
- Earnings/cash flow growth supports targeted dividend increase of 10% per year

Diversified, conservative business platform

- Long term investment grade BBB fixed rate debt financing
- Large proportion of earnings from regulated utility operations
- Reduced commodity price exposure through inflation indexed long term PPAs
$7.5 billion portfolio of growth opportunities

High degree of financial flexibility to execute on growth plans
  - Relatively low payout ratio provides significant internally generated cash flows
  - DRIP program and tax equity provide additional sources of capital
  - Equity rich capital structure allows for additional leverage
Investment Grade Capital Structure

$ millions | June 30, 2016
---|---
Long term debt | 1,841.6 | 42.3%
Preferred shares | 213.8 | 4.9%
Convertible Debentures | 358.3 | 8.2%
Common equity | 1,936.2 | 44.5%
Total capitalization | 4,349.9 | 100.0%

S&P: BBB

Strong Access to Capital Beyond the Equity Markets

**Generation Bond platform**
- Canadian public style bond platform
- $485 million bonds issued at an average coupon of 4.94%, average life of 4.3 years

**Distribution Bond Platform**
- U.S. private placement market
- U.S. $525 million bonds issued at an average coupon of 4.16%, average life of 13.5 years

**Unsecured Bank Lines Enhance Liquidity**
- $65 million bank credit facility at APUC corporate level
- $350 million APCo bank credit facility
- U.S. $200 million Liberty Utilities bank credit facility

**Tax Equity and Project Finance**
- Significant experience in securing tax equity for U.S.-based renewables projects
- Equity access through joint ventures & partnerships
- Low-cost debt at project level
Why invest?

**EARNINGS & CASH FLOWS**
- Long-term contracted cash flows and regulated utility earnings
- Significant forecast growth from commercially secured pipeline

**DIVIDEND GROWTH**
- Annual dividend increases for 6 consecutive years
- Targeting 10% increase annually

**DEVELOPMENT PROGRAM**
- ~$7.5B\(^1\) of commercially secured growth over coming 3 - 5 years
- Maintaining business and technology mix

**RISK MANAGEMENT**
- Investment grade capital structure
- Dedicated risk and internal audit functions

**MANAGEMENT TEAM**
- Over 25 years of experience in power generation development and utility expertise
- Entrepreneurial roots

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1. Growth Capital includes Empire (acquisition pending)
CORPORATE INFORMATION

Head Office: Oakville, ON
Common Share Symbol: TSX: AQN
Preferred Share Symbols: AQN.PR.A, AQN.PR.D
Instalment Receipts: AQN.IR
Shares Outstanding*: 274,053,850
Dividend: U.S. $0.4235 per share annually
Price*: $11.77
Market Cap: $3.23 Billion

* Shares outstanding and closing price as of November 1, 2016

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