LIBERTY UTILITIES: ACQUISITION OF WATER UTILITIES IN CALIFORNIA AND MONTANA

Acquisition Overview
• Acquisition of Park Water Company comprised of three water distribution utilities in California (2) and Montana (1), serving approximately 73,500 customer connections
• Aligned with Liberty Utilities’ on-going roll-up strategy of U.S. regulated utilities
  • Represents 8th regulated utility acquisition in the U.S. since 2010
• Maintains Algonquin Power & Utilities Corp’s strategic business mix of regulated utilities and non-regulated power generation, positioning the company for future growth
• Expands Liberty Utilities’ California presence, builds on strong water utility expertise and easily integrates operations into existing U.S. platform by leveraging current infrastructure
• Purchase price of U.S. $327 million, expected EV/2016 EBITDA of 9.6x
• Continuing opportunities for capital investment in growth and infrastructure replacement programs expected to drive 7.5% EBITDA CAGR through 2020
• Increased regulated earnings improve Algonquin’s business risk profile, strengthens credit rating metrics and improves financial flexibility
• Closing subject to regulatory approvals

Key Facts

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>U.S. $327 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net property, plant and equipment and regulatory assets expected at closing (Net of accumulated depreciation of U.S. $98 million)</td>
<td>U.S. $259 million</td>
</tr>
<tr>
<td>Customer Connections</td>
<td>73,500</td>
</tr>
<tr>
<td>Employees</td>
<td>160</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution and Seasonality</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximate Gallons Distributed (Billions)</td>
<td>3.0</td>
<td>4.1</td>
<td>5.9</td>
<td>3.6</td>
<td>16.6</td>
</tr>
<tr>
<td>Seasonality Percentages</td>
<td>18%</td>
<td>25%</td>
<td>36%</td>
<td>22%</td>
<td>100%</td>
</tr>
</tbody>
</table>

"THE PARK WATER ACQUISITION BUILDS ON OUR STRONG WATER UTILITY EXPERTISE, PROVIDES CONTINUING OPPORTUNITY FOR ORGANIC GROWTH AND IS ALIGNED WITH OUR ON-GOING ROLL-UP STRATEGY OF U.S. REGULATED UTILITIES." - IAN ROBERTSON, CEO
AFFIRMING OUR SUCCESSFUL APPROACH TO GROWTH

Regulatory Environment
- Constructive regulatory environments in California and Montana
- Several regulatory mechanisms serve to support stable and predictable earnings, including:
  - Rate adjustment and tracking mechanisms providing recovery of costs related to purchased water and power with minimal regulatory lag
  - Recovery of post rate case inflation impact on operating costs in California
- California rate cases on mandated three year cycle with forward looking test year
  - 9.79% approved return on equity with 57.0% equity thickness in last rate case
  - New rates expected to be implemented in 2015 in both California service territories
- Montana rate cases historically filed every 2-3 years
  - 9.80% return on equity with 56.1% equity thickness approved in last rate case

Acquisition and Utility Financing
- Acquisition includes assumption of U.S. $77 million of existing long term debt
  - Fixed effective borrowing cost of 6.8% reflected in current tariffs
- Algonquin’s strong balance sheet and credit metrics support financing the acquisition with more than 50% debt
- Developer advances/contributions in aid of construction of U.S. $64 million and accumulated deferred income taxes of U.S. $27 million expected at closing
- Consistent with previous utility acquisitions, financing for the balance of acquisition costs to be arranged closer to the acquisition date

Continuing Capital Investment Program
- Expected 5-year capital investment program representing ~U.S. $195 million, with U.S. $31 million and U.S. $38 million targeted for investment in 2016 and 2017, respectively
- On-going capital investment program to renew aging infrastructure and serve new customers expected to drive 7.5% CAGR in EBITDA from 2016 through 2020
- Expected net property, plant and equipment of U.S. $259 million at closing (1/1/2016) with average depreciable life remaining of ~27 years
CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this document contain information that is forward-looking within the meaning of certain securities laws, including information and statements regarding prospective results of operations, financial position or cash flows. These statements are based on factors or assumptions that were applied in drawing a conclusion or making a forecast or projection, including assumptions based on historical trends, current conditions and expected future developments. Since forward-looking statements relate to future events and conditions, by their very nature they require making assumptions and involve inherent risks and uncertainties. Algonquin Power & Utilities Corp. ("APUC") cautions that although it is believed that the assumptions are reasonable in the circumstances, these risks and uncertainties give rise to the possibility that actual results may differ materially from the expectations set out in the forward-looking statements. Material risk factors include those set out in the management's discussion and analysis section of APUC’s most recent annual report and quarterly report, and APUC’s Annual Information Form. Given these risks, undue reliance should not be placed on these forward-looking statements, which apply only as of their dates. Other than as specifically required by law, APUC undertakes no obligation to update any forward-looking statements or information to reflect new information, subsequent or otherwise.

NON-GAAP FINANCIAL MEASURES

The term “earnings before interest, taxes, depreciation and amortization” ("EBITDA") may be used in this document. EBITDA is not a recognized measure under GAAP. There is no standardized measure of EBITDA, consequently APUC’s method of calculating this measure 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 EBITDA can be found in APUC’s most recent Management Discussion & Analysis.