

ENMAX CORPORATION

City of Calgary's Audit Committee Meeting
Thursday, October 20, 2016



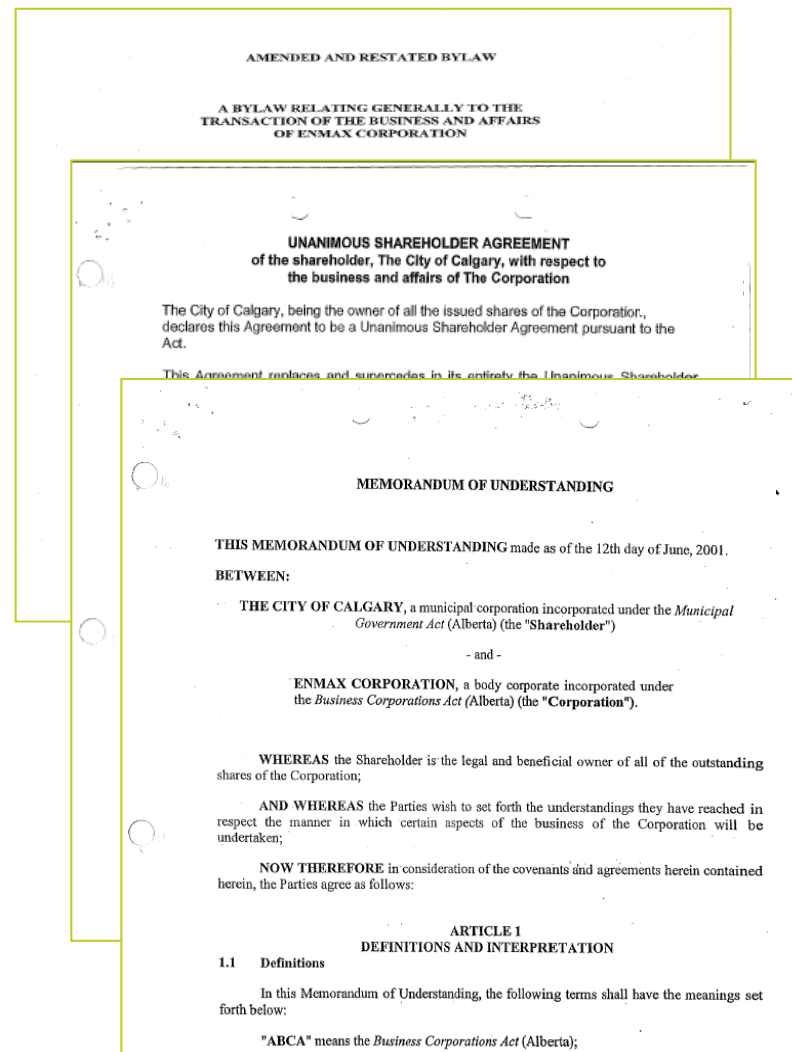
ENMAX's Governance Approach



Shareholder Role & Responsibilities



- Documented mandate, direction and governance framework in place today – **Corporate Bylaws, Unanimous Shareholder Agreement and Memorandum of Understanding with the City**
- **Shareholder Role & Responsibilities**
 - Appointment of Board and Auditor
 - Approval of Annual Budget
 - Transaction Approval (over \$75 million)
 - Board Compensation Program Approval
- **Annual Shareholder Meeting**
 - May Annual General Meeting – purpose is to elect the Board and approve annual Financial Statements
 - December In-Camera Meeting – purpose is to receive Board recommendation on ENMAX's Operating Budget



ENMAX Board Role & Responsibilities



Accountable to City Council, the Board is composed of independent business and energy leaders that bring decades of experience to ENMAX (appointed annually at each AGM)

Under the Board's stewardship, ENMAX adheres to Canadian governance standards (in place for public corporations):

- Written mandates for Board, Committees
- Public financial disclosure
- 'No Surprises' communication policy
- Shareholder-approved Board compensation program
- Matrix of skills informs Board planning
- Ongoing public disclosure of ENMAX governance practices, including board and executive compensation



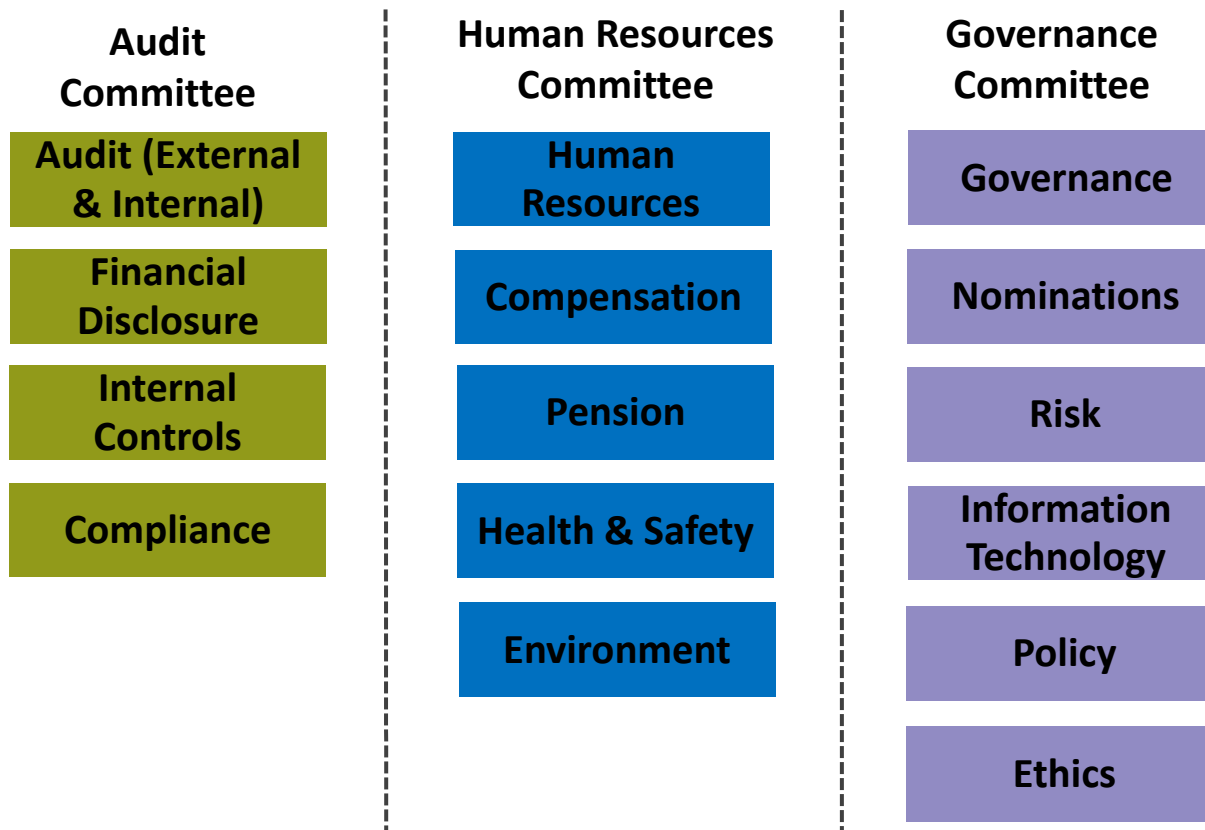
*Shepard Energy Centre Board & Council Site Tour
August 2013*

Board Governance



The ENMAX Board recently converted to a three committee structure to improve governance and efficiency. In addition, over the past year, one member of the Board retired (Jim Hankinson) and two members were added (Eric Markell and Elise Rees).

Three Committee Structure



The mandates for these committees are publicly disclosed on the ENMAX website along with key policies and governing documents.

Members of the Audit Committee



Chair
Charles Ruigrok
Calgary



Sarah Morgan-Silvester
Vancouver



Neil Camarta
Calgary



Elise Rees
Vancouver



Don Lenz
Toronto



Richard Shaw
Calgary



Eric Markell
Bellevue, WA



(Ex-officio member)
Greg Melchin
Calgary

Executive Leadership Team and Shareholder Relations



Gianna Manes
President and Chief Executive
Officer



Pat MacDonald
Executive Vice President
People, Communications, and
Engagement



James McKee
Executive Vice President, Technical
Services



Erica Young
Executive Vice President, Regulatory
and Chief Legal Officer



Dale McMaster
Executive Vice President, Power
Delivery



Dave Rehn
Executive Vice President,
Competitive Energy

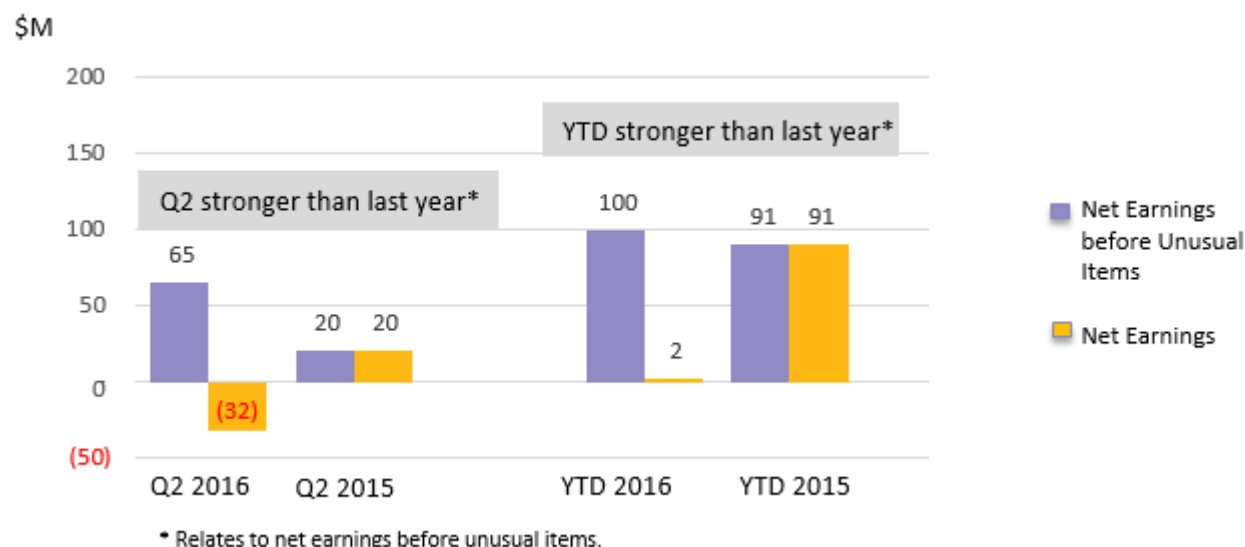


Helen Wesley
Executive Vice President and Chief
Financial Officer



Diana Stephenson
Chief of Staff and Shareholder
Relations

ENMAX Earnings Highlights – Q2 2016



The business environment remains challenging and uncertain for power producers in Alberta as the economy continues to struggle with persistently low oil and natural gas prices. Both demand and pricing were lower than expected, however, **ENMAX's second quarter performance before unusual items was stronger than prior periods and budget.** While there are numerous factors which largely offset each other, the majority of the out-performance can be attributed to unrealized mark to market (MTM) gains.

Q2 2016 vs. Q2 2015

Net earnings before unusual items were \$65M. A net loss of \$32M was the result of a \$51.4M impairment resulting from the turn back of the Keephills Power Purchase Agreement (PPA) and the net \$46M tax re-statement. On a continuing operations basis, ENMAX performed better in the quarter vs. the same

period last year. Unrealized MTM gains in the quarter were \$28.3M vs. \$0.7M in the same quarter last year. In Q2 2015, supply costs were higher as a result of an outage at Shepard.

YTD 2016 vs. YTD 2015

Excluding the positive impact of a \$9.3M increase in unrealized MTM gains on gas and electricity hedges, net earnings before unusual items are flat year-over-year.

Unusual Items

During the second quarter of 2016, ENMAX reported several unusual items: the \$51.4M impairment related to the turnback of the Keephills PPA, and a \$46M net deferred tax asset writedown, neither of which had any cash impact.

Our Roadmap



OUR ROADMAP



VISION

To be Canada's leader in the electricity industry



MISSION

We power the potential of people, businesses and communities by safely and responsibly providing electricity and energy services in ways that matter to them today and tomorrow



SHAREHOLDER VALUE PROPOSITION

Deliver a stable, predictable and growing dividend, enhance long-term value and provide:

- Industry leadership and corporate citizenship
- High standards of efficiency and customer service
- Safe, reliable products, goods and services
- Alignment with City of Calgary economic and social goals



VALUES

SAFETY

- Nobody gets hurt

INTEGRITY

- Do what's right with courage and conviction

ACCOUNTABILITY

- Own it

SERVICE

- Act with others in mind

TEAMWORK

- Together, we are better and stronger

AGILITY

- Adapt and act

INNOVATION

- Aim high and create possibilities



ENMAX 20/20

An internal initiative that helps us align and adapt to deliver on our Vision, Mission and Shareholder value proposition. Our 2016 activities cover three areas:

- Shape The Future
- Drive Effectiveness and Profitability
- Advance Culture and Engagement



STRATEGIC OBJECTIVES AND TACTICS

We will reinforce our resiliency and pursue smart growth by:

- Focusing on optimization and continuous improvement
- Continuing to grow organically, executing our wires capital plan and preserving generation options while exploring additional future growth opportunities
- Building stakeholder engagement
- Achieving financial, operational and regulatory performance goals (corporate and departmental) and maintaining a healthy balance sheet

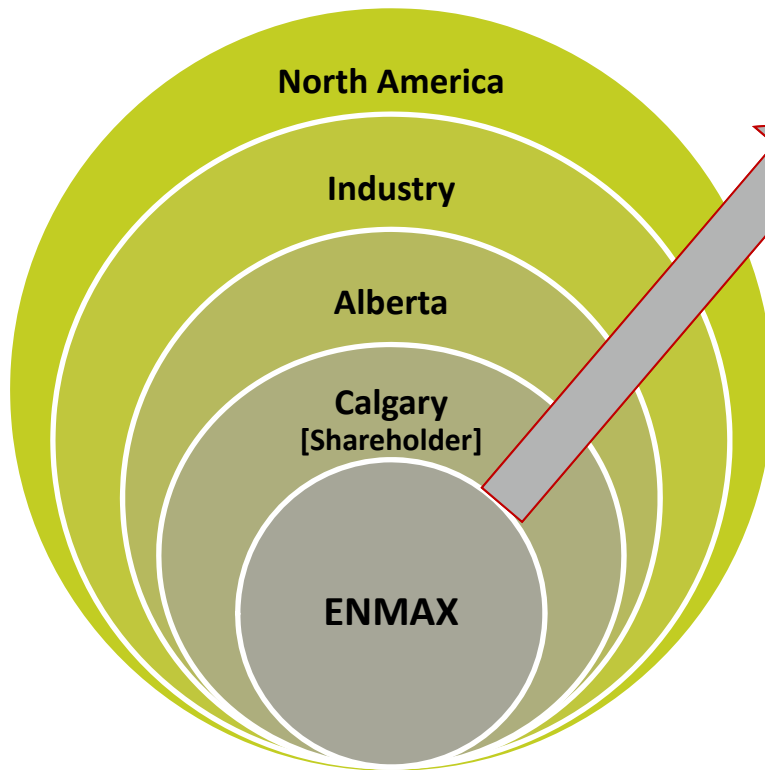


THE BIG PICTURE

ENMAX's Vision, Mission, Values, Shareholder Value Proposition, ENMAX 20/20 and our Strategic Objectives form our roadmap.

This roadmap shows what matters to us, how we work and where we want to go.

Strategic Framework: Proposed Objectives



Strategic Objectives and Tactics

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Risk Profile in 2016



ENMAX has experienced a change in several key risks over the last 12-24 months:

- The impact of carbon taxes
- Investment uncertainty emanating from policy changes
- Weak economic conditions

