CAPSTONE INFRASTRUCTURE CORPORATION
AND
CAPSTONE POWER CORP.

JOINT NOTICE OF SPECIAL MEETINGS OF SECURITYHOLDERS

TO BE HELD ON MARCH 10, 2016

and

MANAGEMENT INFORMATION CIRCULAR

with respect to a proposed

PLAN OF ARRANGEMENT

involving

CAPSTONE INFRASTRUCTURE CORPORATION, CAPSTONE POWER CORP., MPT LTC HOLDING LP, IRVING INFRASTRUCTURE CORP., THE COMMON SHAREHOLDERS AND DEBENTUREHOLDERS OF CAPSTONE INFRASTRUCTURE CORPORATION, THE DEBENTUREHOLDERS OF CAPSTONE POWER CORP. AND HOLDERS OF CLASS B EXCHANGEABLE LIMITED PARTNERSHIP UNITS OF MPT LTC HOLDING LP

The Board of Directors of Capstone Infrastructure Corporation UNANIMOUSLY recommends that securityholders vote FOR the Arrangement.

These materials are important and require your immediate attention. They require common shareholders and debentureholders of Capstone Infrastructure Corporation ("**Capstone**"), holders of Class B exchangeable limited partnership units of MPT LTC Holding LP, and debentureholders of Capstone Power Corp. (all such common shareholders, holders of Class B units and debentureholders collectively, the "**Capstone Securityholders**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. The board of directors of Capstone recommends that Capstone Securityholders vote **FOR** the arrangement to be considered at the special meetings of Capstone Securityholders. If you have any questions or require more information with regard to voting your securities, please contact D.F. King Canada, our information and proxy solicitation agent, at 1-800-229-5716 toll free in North America, or at 1-201-806-7301 outside of North America, or by e-mail at inquiries@dfking.com.

February 9, 2016

February 9, 2016

Dear Capstone Securityholder:

As a holder (the "**Capstone Shareholders**") of common shares (the "**Common Shares**") of Capstone Infrastructure Corporation ("**Capstone**"), a holder of Class B exchangeable limited partnership units of MPT LTC Holding LP (which are exchangeable for Common Shares) (the "**Class B Units**"), a holder (the "**Capstone 2016 Debentureholders**") of the 6.50% convertible unsecured subordinated debentures of Capstone due December 31, 2016 (the "**Capstone 2016 Debentures**") or a holder (the "**CPC 2017 Debentureholders**" and together with the Capstone 2016 Debentureholders, the "**Debentureholders**") of the 6.75% extendible convertible unsecured subordinated debentures of Capstone Power Corp. ("**CPC**") due December 31, 2017 (the "**CPC 2017 Debentures**" and together with the Capstone 2016 Debentures, the "**Debentures**") you are invited to attend the joint special meetings of Capstone and CPC (the "**Meetings**") to be held at 10:00 a.m. (Toronto time) on March 10, 2016 at One King West Hotel, Room 1400, 1 King Street West, Toronto, Ontario.

At the Meetings, Capstone Shareholders, holders of Class B Units and Debentureholders will be asked to consider, and, if deemed advisable, pass a special resolution (the "**Arrangement Resolution**") approving an arrangement (the "**Arrangement**") pursuant to the *Business Corporations Act* (British Columbia) which provides for, among other things, (i) the acquisition by Irving Infrastructure Corp. (the "**Purchaser**") of all of the outstanding Common Shares and Class B Units, (ii) the redemption by Capstone of the Capstone 2016 Debentures, and (iii) the conversion of the CPC 2017 Debentures into Common Shares using the discounted cash change of control conversion price from the indenture governing such CPC 2017 Debentures and the acquisition by the Purchaser of all such Common Shares.

The board of directors of Capstone has unanimously determined that the Arrangement is in the best interests of Capstone and has unanimously approved the Arrangement and recommends that you vote <u>FOR</u> the Arrangement.

If the Capstone Shareholders, both as a single class and collectively with holders of Class B Units, approve the Arrangement, it is anticipated that the Arrangement will be completed in the second quarter of 2016, subject to obtaining court approval and certain required regulatory approvals, as well as the satisfaction or waiver of other conditions contained in the arrangement agreement between Capstone and the Purchaser.

Full details of the Arrangement are set out in the accompanying joint notice of special meetings of securityholders and management information circular of Capstone and CPC (the "**Information Circular**"). The Information Circular contains a detailed description of the Arrangement, including certain risk factors relating to the completion of the Arrangement. You should carefully consider all of the information in the Information Circular. If you require assistance, consult your financial, legal, tax or other professional advisor.

Pursuant to the terms of the Arrangement Agreement:

- Capstone Shareholders (other than dissenting Capstone Shareholders) will receive, for each Common Share held, $4.90 in cash;
- holders of Class B Units will receive, for each Class B Unit held, $4.90 in cash;
- provided that the requisite approval of the Arrangement Resolution by holders of Capstone 2016 Debentures is obtained, Capstone 2016 Debentureholders will receive, for each $1,000 of outstanding

principal amount, an amount equal to the sum of (i) $1,010 and (ii) any accrued and unpaid interest thereon; and

- provided that the requisite approval of the Arrangement Resolution by holders of CPC 2017 Debentures is obtained, CPC 2017 Debentureholders will effectively receive, for each $1,000 of outstanding principal amount, an amount in cash equal to the sum of (i) $4.90 multiplied by the number of Common Shares a holder of CPC 2017 Debentures would be entitled to receive if such holder converted its CPC 2017 Debentures at the discounted cash change of control conversion price set out in the indenture governing the CPC 2017 Debentures, (ii) $0.76923 and (iii) any accrued and unpaid interest thereon.

The amount of the cash payments for the Debentures will vary depending on the date that the Arrangement is completed, since the discounted cash change of control conversion price for the CPC 2017 Debentures and the amount of accrued interest will depend on when the Arrangement is completed. Assuming, for example, an Effective Date of April 30, 2016, the cash consideration under the Arrangement for each $1,000 of outstanding principal amount of Debentures would be approximately $1,010 for the Capstone 2016 Debentures and $1,080.81 for the CPC 2017 Debentures, plus accrued interest up to and including the Effective Date in each case.

Under the Arrangement, if any RSUs, PSUs or DSUs (as those terms are defined in the Information Circular) remain outstanding at the Effective Time, such RSUs, PSUs and DSUs will vest on the Effective Date, and the holders of such outstanding RSUs, PSUs or DSUs will receive $4.90 in cash for each RSU, PSU or DSU held. Each Capstone Option (as that term is defined in the Information Circular) issued and outstanding immediately prior to the Effective Time, of which all are vested, will be transferred by the holder thereof to Capstone, and each such Capstone Option will be cancelled in exchange for the payment by Capstone to the holder thereof of the Option Consideration (as that term is defined in the Information Circular), less any applicable taxes required to be withheld with respect to such payment.

The Arrangement Resolution, the full text of which is set forth in Appendix A to the Information Circular, must be approved by not less than two-thirds of the votes cast by the Capstone Shareholders present in person or represented by proxy at the Meetings, and by not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or represented by proxy at the Meetings. Debentureholder approval will also be sought at the Meetings to allow the Debentureholders to participate in the Arrangement in the manner described above. The Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will each vote on the Arrangement as a separate class, and participation in the Arrangement by each class of Debentures will require the affirmative vote of not less than a majority in number and not less than 75% of the principal amount of such Debentures, in each case, present in person or represented by proxy at the Meetings. However, the approval of the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is not a condition to the completion of the Arrangement. If the requisite approval of the holders of a class of Debentures is not obtained at the Meetings, the applicable class of Debentures for which approval has not been obtained will be excluded from the Arrangement and will remain outstanding on its terms following closing of the Arrangement.

Capstone's preferred shares are not being arranged in the Arrangement and will remain outstanding in accordance with their terms. Such preferred shares are listed on the Toronto Stock Exchange and the Arrangement is not expected to affect such listing.

Capstone retained RBC Dominion Securities Inc., a member company of RBC Capital Markets, and TD Securities Inc. (the "**Financial Advisors**") to provide opinions to the board of directors of Capstone (the "**Capstone Board**") as to the fairness, from a financial point of view, of the consideration to be received by each of the Capstone Shareholders and Debentureholders in connection with the Arrangement. Each of the Financial Advisors has provided an opinion to the effect that, as of January 20, 2016 and subject to the scope of review, assumptions and limitations set forth in their respective opinions, the consideration to be received by each of the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders, respectively. **Following receipt of advice and assistance of the Financial Advisors and legal counsel, the Capstone Board carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of Capstone; (ii)**

determined, based upon, among other things, the Fairness Opinions of the Financial Advisors, that the consideration to be received under the Arrangement by each of the Capstone Shareholders, the holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders is fair from a financial point of view to such securityholders, respectively; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Capstone Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders vote <u>FOR</u> the Arrangement Resolution. Each of the senior officers and directors of Capstone, holding Common Shares representing in the aggregate approximately 0.4% of the outstanding Common Shares, has entered into voting support agreements with the Purchaser pursuant to which they have agreed to vote any securities held by them in favour of the Arrangement Resolution.

Capstone Shareholders, holders of Class B Units and Debentureholders who are unable to attend the Meetings are requested to complete, date, sign and return the enclosed Form of Proxy or Voting Instruction Form so that as large a representation as possible may be had at the Meetings.

The close of business (Toronto time) on January 22, 2016 is the record date for the determination of Capstone Shareholders, holders of Class B Units and CPC 2017 Debentureholders that will be entitled to receive notice of and vote at the Meetings, and any adjournment or postponement of the Meetings. The close of business (Toronto time) on February 3, 2016 is the record date for the determination of Capstone 2016 Debentureholders that will be entitled to receive notice of and vote at the Meetings, and any adjournment or postponement of the Meetings. Capstone Shareholders, holders of Class B Units and Debentureholders are requested to complete and submit either the accompanying: (a) Form of Proxy to Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, no later than 10:00 a.m. (Toronto Time) on March 8, 2016 or 48 hours (not including Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meetings (or otherwise in accordance with the instructions printed on the Form of Proxy); or (b) Voting Instruction Form in accordance with the instructions printed on the Voting Instruction Form, as applicable.

If your Common Shares or Debentures are not registered in your name but are held by a nominee, you will receive the consideration for your Common Shares or Debentures, as applicable, through your nominee. If you are a registered Capstone Shareholder, registered holder of Class B Units or registered Debentureholder, please complete each applicable accompanying letter of transmittal (the "**Letter of Transmittal**") in accordance with the instructions included therein, sign, date and return it to the depositary, Computershare Trust Company of Canada, in the envelope provided, together with the certificates representing your Common Shares, Class B Units or Debentures, as applicable, and any other required documents. The Letter of Transmittal contains complete instructions on how to exchange the certificate(s) representing your Common Shares, Class B Units or Debentures for the consideration for your Common Shares, Class B Units or Debentures, as applicable, under the Arrangement. You will not receive your cash consideration under the Arrangement until after the Arrangement is completed and you have returned your properly completed documents, including each applicable Letter of Transmittal, and the certificate(s) representing your Common Shares, Class B Units or Debentures, as applicable, to Computershare Trust Company of Canada.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor, or contact our information and proxy solicitation agent, D.F. King Canada, at 1-800-229-5716 toll free in North America, or at 1-201-806-7301 outside of North America, or by e-mail at inquiries@dfking.com.

We look forward to receiving your support at the Meetings.

Yours very truly,

(Signed) "*V. James Sardo*"
Chairman of the Board
Capstone Infrastructure Corporation

CAPSTONE INFRASTRUCTURE CORPORATION AND CAPSTONE POWER CORP.

JOINT NOTICE OF SPECIAL MEETINGS OF SECURITYHOLDERS

JOINT NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Supreme Court of British Columbia (the "**Court**") dated February 9, 2016, the special meetings of Capstone Infrastructure Corporation ("**Capstone**") and Capstone Power Corp. ("**CPC**") (collectively, the "**Meetings**") involving the holders (the "**Capstone Shareholders**") of common shares (the "**Common Shares**") of Capstone, holders of Class B limited partnership units of MPT LTC Holding LP exchangeable for Common Shares (the "**Class B Units**"), holders (the "**Capstone 2016 Debentureholders**") of the 6.50% convertible unsecured subordinated debentures of Capstone due December 31, 2016 (the "**Capstone 2016 Debentures**") and holders (the "**CPC 2017 Debentureholders**" and collectively with the Capstone 2016 Debentureholders, the Capstone Shareholders and the holders of Class B Units, "**Capstone Securityholders**") of the 6.75% extendible convertible unsecured subordinated debentures of CPC due December 31, 2017 (the "**CPC 2017 Debentures**" and together with the Capstone 2016 Debentures, the "**Debentures**") will be held at 10:00 a.m. (Toronto time) on March 10, 2016 at One King West Hotel, Room 1400, 1 King Street West, Toronto, Ontario, for the following purposes:

1) to consider, and, if deemed advisable, to pass a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying management information circular of Capstone and CPC (the "**Information Circular**"), approving an arrangement (the "**Arrangement**") pursuant to the *Business Corporations Act* (British Columbia) (the "**BCBCA**") which provides for the acquisition by Irving Infrastructure Corp. (the "**Purchaser**") of all of the outstanding Common Shares and Class B Units, the redemption by Capstone of the Capstone 2016 Debentures, and the conversion of the CPC 2017 Debentures into Common Shares at the discounted cash change of control conversion price set out in the indenture governing such debentures and the acquisition by the Purchaser of all such Common Shares; and

2) to transact such other business, including amendments to the foregoing, as may properly be brought before the Meetings or any adjournment or postponement thereof.

At the Meetings, separate class votes for each of the Capstone Shareholders, the Capstone Shareholders voting collectively with the holders of Class B Units, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will take place.

The Arrangement is described in the Information Circular, which forms part of this joint notice. The full text of the Arrangement Resolution is set out in Appendix A to the Information Circular.

The boards of directors of Capstone and CPC have set the close of business (Toronto time) on January 22, 2016 for the Capstone Shareholders, holders of Class B Units and CPC 2017 Debentureholders and the close of business (Toronto time) on February 3, 2016 for the Capstone 2016 Debentureholders (each such date being the "**Record Date**", as applicable) as the record date for determining Capstone Securityholders who are entitled to receive notice of and vote at the Meetings. Only Capstone Securityholders whose names have been entered in the applicable register of Capstone Securityholders at the close of business on the applicable Record Date are entitled to receive notice of, and to vote at, the Meetings, and any adjournment or postponement of the Meetings.

Pursuant to the Interim Order, registered Capstone Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Common Shares in accordance with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Interim Order and the plan of arrangement ("**Plan of Arrangement**"). A registered Capstone Shareholder wishing to exercise rights of dissent with respect to the Arrangement must send to Capstone a written objection to the Arrangement Resolution, which written objection must be received by Capstone c/o Blake, Cassels & Graydon LLP, Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, Attention: Sean Boyle not later than 5:00 p.m. (Toronto time) two Business Days immediately preceding the date of the Meetings, and must otherwise strictly comply with the dissent procedures prescribed by the BCBCA, as modified by the Interim Order and the Plan of Arrangement. A Capstone Shareholder's right to dissent is more particularly described in the Information Circular. A copy of the Interim Order and the text of Sections 237 to 247 of the BCBCA are set forth in Appendix B and Appendix G, respectively, to the Information Circular.

Failure to strictly comply with the requirements set forth in Sections 237 to 247 of the BCBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent. Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Capstone Shareholders are entitled to dissent. Accordingly, a beneficial owner of Common Shares desiring to exercise this right must make arrangements for the Common Shares beneficially owned by such Capstone Shareholder to be registered in the Capstone Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Capstone or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the Capstone Shareholder's behalf. It is strongly suggested that any Capstone Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the BCBCA, as modified by the Interim Order and the Plan of Arrangement, may prejudice such Capstone Shareholder's right to dissent.

Capstone Securityholders who are unable to attend the Meetings are requested to complete, date, sign and return the enclosed Form of Proxy or Voting Instruction Form, as applicable, so that as large a representation of Capstone Securityholders as possible may be had at the Meetings.

Capstone Securityholders are requested to complete and submit the accompanying: (a) Form of Proxy to Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, no later than 10:00 a.m. (Toronto Time) on March 8, 2016, or 48 hours (not including Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meetings (or otherwise in accordance with the instructions printed on the Form of Proxy); or (b) Voting Instruction Form in accordance with the instructions printed on the Voting Instruction Form, as applicable.

Beneficial holders of Common Shares and Debentures as at the applicable Record Date wishing to vote their Common Shares and/or Debentures at the Meetings must provide instructions to the broker, dealer, bank, trust company or other nominee through which they hold their Common Shares and/or Debentures in sufficient time prior to the holding of the Meetings.

Capstone Securityholders that have any questions or need additional information with respect to the voting of their Common Shares, Class B Units or Debentures, as applicable, should consult their financial, legal, tax or other professional advisor, or contact our information and proxy solicitation agent, D.F. King Canada, at 1-800-229-5716 toll free in North America, or at 1-201-806-7301 outside of North America, or by e-mail at inquiries@dfking.com.

DATED at Toronto, Ontario, this 9th day of February, 2016.

BY ORDER OF THE BOARD OF DIRECTORS OF CAPSTONE INFRASTRUCTURE CORPORATION

(Signed) "*Michael Bernstein*"
Director, President and Chief Executive Officer
Capstone Infrastructure Corporation

BY ORDER OF THE BOARD OF DIRECTORS OF CAPSTONE POWER CORP.

(Signed) "*Michael Bernstein*"
Director, President and Chief Executive Officer
Capstone Power Corp.

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MANAGEMENT INFORMATION CIRCULAR

Introduction

This Management Information Circular ("Information Circular") is furnished in connection with the solicitation of proxies by and on behalf of the management of Capstone and CPC for use at the Meetings and any adjournment or postponement thereof. No Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meetings other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement which are attached as Appendix D and Appendix E, respectively, to this Information Circular. You are urged to carefully read the full text of the Plan of Arrangement.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under "*Glossary of Terms*". Information contained in this Information Circular is given as at February 8, 2016 unless otherwise specifically stated.

The information concerning the Purchaser and its affiliates contained in this Information Circular has been provided by the Purchaser for inclusion in this Information Circular. Although Capstone and CPC have no knowledge that any statements contained herein taken from or based on such information provided by the Purchaser are untrue or incomplete, Capstone and CPC assume no responsibility for the accuracy of such information.

This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase securities in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any Person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. The delivery of this Information Circular does not, under any circumstances, imply or represent that there has been no change in the information set forth herein since the date of this Information Circular.

Capstone Securityholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

If you hold Common Shares or Debentures through an Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the Common Shares or Debentures, as applicable, that you beneficially own.

NO CANADIAN SECURITIES REGULATORY AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Information for U.S. Capstone Securityholders

Capstone and CPC are corporations existing under the laws of the Province of British Columbia, Canada. Capstone and CPC and this solicitation of proxies and the transactions contemplated in this Information Circular are not subject to the proxy rules under the U.S. Exchange Act, and therefore this solicitation is not being effected in accordance with U.S. Securities Laws. Accordingly, the solicitation and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and Securities Laws, and this Information Circular has been prepared in accordance with disclosure requirements applicable in Canada. Capstone Securityholders in the United States should be aware that disclosure requirements under Canadian laws are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Capstone Securityholders in the United States should also be aware that other requirements under Canadian laws may differ from those required under United States corporate and securities laws.

The enforcement by investors of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that Capstone and CPC are organized under the laws of a jurisdiction other than the United States, that certain of its officers and directors are residents of countries other than the United States, that certain experts named in this Information Circular are residents of countries other than the United States and that all or substantial portions of the assets of Capstone and such other Persons are, or will be, located outside the United States. You may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. Securities Laws. In addition, the courts of Canada may not enforce judgments of United States courts obtained in actions against such Persons predicated upon civil liabilities under the federal or state securities laws of the United States.

This Arrangement has not been approved or disapproved by the United States Securities and Exchange Commission or any other securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or the merits of this transaction or upon the accuracy or adequacy of the information contained in this Information Circular.

Capstone Securityholders in the United States should be aware that the disposition of their Securities by them as described herein may have Tax consequences both in the United States and in Canada. Capstone Securityholders that are United States taxpayers are advised to consult their independent tax advisors regarding the United States federal, state, local and foreign Tax consequences to them of participating in the Arrangement.

Forward-Looking Statements

Certain of the statements contained within this document are forward-looking and reflect management's expectations and plans regarding the future, including, but not limited to, the growth, results of operations, performance and business of Capstone based on information currently available to Capstone. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "intend", "estimate", "plan", "believe" or other similar words. Forward-looking statements included in this Information Circular include, among others, statements pertaining to the anticipated Effective Date of the Arrangement, Capstone's and CPC's status as reporting issuers following the Effective Date, the delisting of the Common Shares from the TSX and the cancellation of the Debentures, the treatment of the Preferred Shares following the Effective Date, the consideration to be received by directors and Executive Officers as part of the Arrangement, the source of funds for the Arrangement, and the method of, and payment for, soliciting proxies. These statements are subject to known and unknown risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results. Readers are cautioned not to place undue reliance on the forward-looking statements within this document, which are based on information currently available and what Capstone currently believes are reasonable assumptions, including the material assumptions set out in the management's discussion and analysis of the results of operations and the financial condition of Capstone ("**MD&A**") for the year ended December 31, 2014 under the heading "Results of Operations", as updated in subsequently filed MD&A of Capstone (such documents are available under Capstone's SEDAR profile at www.sedar.com).

Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following: that the business and economic conditions affecting Capstone's operations will continue substantially in their current state, including, with respect to industry conditions, general levels of economic activity, regulations, weather, taxes and interest rates; that the Preferred Shares will remain outstanding and that dividends will continue to be paid on the Preferred Shares after completion of the Arrangement and that the listing of the Preferred Shares will not be affected by the Arrangement; that the Meetings will occur on March 10, 2016; that the Arrangement will be completed in the second quarter of 2016; that there will be no material delays in Capstone's wind development projects achieving commercial operation; that Capstone's power infrastructure facilities will experience normal wind, hydrological and solar irradiation conditions, and ambient temperature and humidity levels; that there will be no material changes to Capstone's facilities, equipment or contractual arrangements; that there will be no material changes in the legislative, regulatory or operating framework for Capstone's businesses; that there will be no material delays in obtaining required approvals for Capstone's power infrastructure facilities or Värmevärden, the district heating business in which Capstone has an investment; that

there will be no material changes in rate orders or rate structures for Bristol Water, the water utility in which Capstone has an investment; that there will be no material changes in environmental regulations for the power infrastructure facilities, Värmevärden or Bristol Water; that there will be no significant event occurring outside the ordinary course of Capstone's businesses; the refinancing on similar terms of Capstone's and its subsidiaries' various outstanding credit facilities and debt instruments which mature during the period in which the forward-looking statements relate; market prices for electricity in Ontario and the amount of hours Cardinal is dispatched; the price Capstone's Whitecourt power facility will receive for its electricity production considering the market price for electricity in Alberta, the impact of renewable energy credits, and Whitecourt's agreement with Millar Western, which includes sharing mechanisms regarding the price received for electricity sold by the facility; the re-contracting of the power purchase agreement for Sechelt; that there will be no material change from the expected amount and timing of capital expenditures by Bristol Water; that there will be no material changes to the Swedish krona to Canadian dollar and UK pound sterling to Canadian dollar exchange rates; and that Bristol Water will operate and perform in a manner consistent with regulatory assumptions underlying the CMA's final determination, including, among others: real and inflationary changes in Bristol Water's revenue, Bristol Water's expenses changing in line with inflation and efficiency measures, and capital investment, leakage, customer service standards and asset serviceability targets being achieved.

Although Capstone believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ materially from those suggested by the forward-looking statements for various reasons, including: risks related to Capstone's Securities (dividends on Common Shares and Preferred Shares are not guaranteed; volatile market price for Capstone's Securities; shareholder dilution; and convertible debentures credit risk, subordination and absence of covenant protection); risks related to Capstone and its businesses (availability of debt and equity financing; default under credit agreements and debt instruments; geographic concentration; foreign currency exchange rates; acquisitions, development and integration; environmental, health and safety; changes in legislation and administrative policy; and reliance on key personnel); risks related to Capstone's power infrastructure facilities (power purchase agreements; completion of Capstone's wind development projects; operational performance; contract performance and reliance on suppliers; land tenure and related rights; environmental; and regulatory environment); risks related to Värmevärden (operational performance; fuel costs and availability; industrial and residential contracts; environmental; regulatory environment; and labour relations); risks related to Bristol Water (Ofwat price determinations; failure to deliver capital investment programs; economic conditions; operational performance; failure to deliver water leakage target; SIM and the serviceability assessment; pension plan obligations; regulatory environment; competition; seasonality and climate change; and labour relations); and risks related to completion of the Arrangement. For a comprehensive description of these risk factors, please refer to the "Risk Factors" section of Capstone's annual information form dated March 24, 2015, as supplemented by disclosure of risk factors contained in any subsequent annual information form, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, interim managements' discussion and analysis and information circulars filed by Capstone with the securities commissions or similar authorities in Canada (which are available under Capstone's SEDAR profile at www.sedar.com). The information contained in this Information Circular identifies additional factors that could affect the completion of the Arrangement. Capstone urges Capstone Securityholders to carefully consider those factors. For a discussion regarding such risks, see "*Risk Factors*".

The assumptions, risks and uncertainties described above are not exhaustive and other events and risk factors could cause actual results to differ materially from the results and events discussed in the forward-looking statements. The forward-looking statements within this document reflect current expectations of Capstone as at the date of this document and speak only as at the date of this document. Except as may be required by applicable law, Capstone and CPC do not undertake any obligation to publicly update or revise any forward-looking statements.

Currency

Unless otherwise stated, all references in this Information Circular to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian dollars, identified by the "$" sign. On February 8, 2016, the noon rate of exchange as reported by the Bank of Canada was $1.00 = US$0.7183. Capstone Securityholders in the United States are urged to obtain a current market quotation for the U.S. dollar/Canadian dollar exchange rate.

Reference to Financial Information and Additional Information

Financial information is provided in Capstone's comparative annual financial statements and MD&A for the year ended December 31, 2014 and in Capstone's comparative quarterly financial statements and MD&A for the quarter ended September 30, 2015 available on SEDAR at www.sedar.com. You can obtain additional documents related to Capstone without charge on SEDAR at www.sedar.com. You can also obtain documents related to Capstone without charge by requesting them from Interim General Counsel and Corporate Secretary, Capstone Infrastructure Corporation, 155 Wellington Street West, Suite 2930, Toronto, Ontario, M5V 3H1, telephone: 416-649-1300 or 1-855-649-1300, email: info@capstoneinfrastructure.com.

Q & A ON THE ARRANGEMENT, VOTING RIGHTS AND SOLICITATION OF PROXIES

What does Capstone's board of directors think of the Arrangement?

The board of directors of Capstone has unanimously determined that the Arrangement is in the best interests of Capstone and has unanimously approved the Arrangement and recommends that you vote **FOR** the Arrangement Resolution.

What is this document?

This document is a management information circular that is being sent in advance of the Meetings of Capstone Securityholders. This Information Circular provides information regarding the business of the Meetings, Capstone and the Purchaser. For ease of reference, a glossary of capitalized terms used in this Information Circular can be found on page 20 of this Information Circular. References in this Information Circular to the Meetings include any adjournment or postponement that may occur. **A Form of Proxy or Voting Instruction Form, as applicable, accompanies this Information Circular.**

Why are the Meetings being held?

The Meetings are being held so that the Required Equity Securityholder Approvals, the Capstone 2016 Debentureholder Approval and the CPC 2017 Debentureholder Approval can be obtained. It is a condition of the Arrangement that the Required Equity Securityholder Approvals be obtained at the Meetings.

Who is eligible to vote?

Capstone Shareholders, holders of Class B Units and CPC 2017 Debentureholders at the close of business (Toronto time) on January 22, 2016 and Capstone 2016 Debentureholders as of the close of business (Toronto time) on February 3, 2016 or, in each case, their duly appointed representatives are eligible to vote.

Who is soliciting my proxy?

Proxies are being solicited in connection with this Information Circular by the management of Capstone and CPC. The solicitation will be made primarily by mail, but proxies may also be solicited personally by employees of Capstone to whom no additional compensation will be paid. In addition, Capstone has retained the services of D.F. King Canada to solicit proxies for Capstone for an estimated fee of approximately $45,000, assuming the Capstone 2016 Debentureholder Approval and CPC 2017 Debentureholder Approval are obtained, plus the aggregate amount of the per call fees payable in connection with calls with retail holders of Debentures and reasonable out-of-pocket expenses. The total cost of solicitation, including fees payable to D.F. King Canada, will be borne by Capstone. Capstone will also reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for any reasonable expenses incurred in sending proxy material to Beneficial Capstone Securityholders and registered Capstone Securityholders and requesting authority to execute proxies.

What is the Arrangement?

The Arrangement involves, among other things, the acquisition of all of the issued and outstanding Common Shares and Class B Units by the Purchaser, pursuant to which each Capstone Shareholder and holder of Class B Units will be entitled to receive the Consideration. If the Capstone 2016 Debentureholder Approval is obtained and the Arrangement is completed the Capstone 2016 Debentures will be redeemed by Capstone in exchange for the Capstone 2016 Debenture Consideration. If the CPC 2017 Debentureholder Approval is obtained and the Arrangement is completed the CPC 2017 Debentureholders will effectively receive, for each $1,000 of outstanding principal amount, an amount in cash equal to the sum of (i) $4.90 multiplied by the number of Common Shares a holder of CPC 2017 Debentures would be entitled to receive if such holder converted its CPC 2017 Debentures at the discounted cash change of control conversion price set out in the indenture governing the CPC 2017 Debentures, (ii) $0.76923 and (iii) any accrued and unpaid interest thereon. The Arrangement is being carried out pursuant to the terms of the Arrangement Agreement and will be completed by way of a court-approved Plan of Arrangement pursuant to Division 5 of Part 9 of the BCBCA. As a result of the Arrangement, Capstone will become a subsidiary of the Purchaser.

Why is Capstone proposing the Arrangement?

The Capstone Board is proposing the Arrangement because, following receipt of advice and assistance of the Financial Advisors and legal counsel, the Capstone Board carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of Capstone; and (ii) determined, based upon, among other things, the Fairness Opinions of the Financial Advisors, that the consideration to be received under the Arrangement by each of the Common Shareholders, the holders of Class B Units, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is fair from a financial point of view to such securityholders, respectively. In reaching these determinations, the Capstone Board considered, among other things, numerous factors, potential benefits and risks of the Arrangement and also the elements of the Arrangement which provide protection to the Capstone Securityholders. For details regarding the process followed by, and reasons for the recommendation of, the Capstone Board, see the section of the Information Circular entitled "*The Arrangement – Background to the Arrangement and Reasons for the Recommendation*".

What securityholder approvals are required for the Arrangement Resolution?

In order to become effective, the Arrangement Resolution must receive the Required Equity Securityholder Approvals. The completion of the Arrangement is not conditional on the Capstone 2016 Debentureholder Approval or the CPC 2017 Debentureholder Approval.

When does Capstone expect the Arrangement to be effective?

As the Arrangement is conditional upon the receipt of a number of regulatory, court and securityholder approvals, the exact timing of completion of the Arrangement cannot be predicted, but Capstone expects that the Arrangement will be completed in the second quarter of 2016.

Has Capstone received a fairness opinion in connection with the Arrangement?

Capstone retained the Financial Advisors to provide opinions to the Capstone Board as to the fairness, from a financial point of view, of the consideration to be received by each of the Capstone Shareholders and holders of Debentures in connection with the Arrangement. Each of the Financial Advisors has provided an opinion to the effect that, as of January 20, 2016 and subject to the scope of review, assumptions and limitations set forth in each such opinion, the consideration to be received by each of the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders, respectively. The full text of the Fairness Opinions can be found at Appendix F to this Information Circular. See the section of the Circular entitled "*The Arrangement — Fairness Opinions*".

What other conditions must be satisfied to complete the Arrangement?

In addition to the approval of the Arrangement Resolution, the Arrangement is conditional upon obtaining certain regulatory approvals and court approvals as well as the satisfaction of certain other closing conditions. See the sections of the Information Circular entitled "*The Arrangement Agreement — Conditions to Closing*" and "*The Arrangement — Regulatory Matters*".

How will the Arrangement affect my ownership and voting rights as a Capstone Securityholder?

Following the completion of the Arrangement, Capstone Shareholders, holders of Class B Units, and assuming the Debentures participate in the Arrangement, Capstone 2016 Debentureholders and CPC 2017 Debentureholders will not have any interest in Capstone or its securities, assets, revenues or profits.

Are there risks I should consider in connection with the Arrangement?

Yes. A number of risk factors that you should consider in connection with the Arrangement are described in the section of this Information Circular entitled "*Risk Factors*".

How do I vote?

You can provide your voting instructions by completing the Form of Proxy or Voting Instruction Form accompanying this Information Circular. In order to be effective, a Form of Proxy must be received by Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) no later than 10:00 a.m. (Toronto time) on March 8 2016, or 48 hours (not including Saturdays, Sundays and holidays) prior to the commencement of any adjourned or postponed Meetings. A completed Voting Instruction Form must be returned in accordance with the instructions printed on the form. A Form of Proxy or Voting Instruction Form may also be completed and submitted over the telephone or through the Internet in accordance with the instructions printed on the form. Notwithstanding the foregoing, the chair of the Meetings has the sole discretion to accept proxies received after such deadline but is under no obligation to do so.

The Person named as proxyholder in the Form of Proxy or Voting Instruction Form accompanying this Information Circular must vote your Securities according to your instructions on the form and on any ballot that may be called at the Meetings. Signing the Form of Proxy or Voting Instruction Form (and not writing in the name of another proxyholder on the form) gives authority to the Named Proxyholders, each of whom is an officer and/or a director of Capstone, to act as proxyholder and vote your Securities in accordance with your voting instructions. If the instructions in a proxy given to Capstone's management are specified, the Securities represented by such proxy will be voted for or against the Arrangement in accordance with your instructions on any poll that may be called for. In the absence of any voting instructions from you on the form, your Securities will be voted FOR the Arrangement Resolution.

You may appoint any Person (who does not need to be a Capstone Securityholder) to act as proxyholder and vote your Securities at the Meetings in accordance with your instructions by writing the name of that Person in the blank space provided on the Form of Proxy or Voting Instruction Form under the heading "Appointment of Proxyholder" and returning the form in advance of the Meetings in accordance with the instructions printed on the form. If you wish to vote your Securities in person at the Meetings, you must enter your own name in the blank space on the Form of Proxy or Voting Instruction Form under the heading "Appointment of Proxyholder" and return the form in advance of the Meetings according to the instructions printed on the form.

Am I entitled to dissent rights?

Only registered Capstone Shareholders are entitled to exercise Dissent Rights in connection with the actions to be taken at the Meetings. See the section of the Information Circular entitled "*Dissenting Capstone Shareholder Rights*".

How do I know if I am a registered Capstone Securityholder or Beneficial Capstone Securityholder?

All Capstone Shareholders, Capstone 2016 Debentureholders and CPC 2017 Debentureholders (other than CDS and Computershare Investor Services Inc.) are Beneficial Capstone Securityholders. Capstone uses an electronic book-based registration system through which all Common Shares and Debentures are held. Under this system, the only registered Capstone Shareholders, Capstone 2016 Debentureholders and CPC 2017 Debentureholders are CDS and Computershare Investor Services Inc. (as trustee for the unexchanged common shareholders of Renewable Energy Developers Inc.). CDS acts as a clearing agent for its participants, which include banks, trust companies, securities dealers or brokers and trustees of or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans.

Beneficial Capstone Securityholders hold their Securities through an intermediary, such as a bank, trust company, securities broker, trustee, custodian or other nominee who holds the securities on their behalf. Intermediaries have obligations to forward materials related to the Meetings to the Beneficial Capstone Securityholders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions).

As a Beneficial Capstone Securityholder, your Securities can only be voted (for or against resolutions) by CDS (the registered Capstone Securityholder) or Computershare Investor Services Inc. (as trustee for the unexchanged common shareholders of Renewable Energy Developers Inc.) in accordance with your instructions. Accordingly, in addition to the Joint Notice of Special Meetings of Securityholders accompanying this Information Circular, you will also receive (depending on the particular CDS Participant through which you hold your Securities):

(i) a Form of Proxy (that has already been signed or stamped with the signature of your CDS Participant), which you must complete and return in accordance with the instructions printed on the form, or

(ii) a Voting Instruction Form, which you must complete and return in accordance with the instructions printed on the form.

It is important that you complete and return your Form of Proxy or Voting Instruction Form in advance of the Meetings in accordance with the instructions printed on the form in order to ensure that your Securities are properly voted at the Meetings.

What constitutes a quorum at the Meetings?

For the Meetings, quorum in respect of Capstone Shareholders shall be at least two Persons present and holding or representing by proxy not less than 10% of the total number of outstanding Common Shares entitled to vote at the Meetings. Quorum at the Meetings in respect of the Capstone 2016 Debentureholders shall be Capstone 2016 Debentureholders present in person or represented by proxy at the Meetings holding or representing by proxy not less than 25% of the principal amount of Capstone 2016 Debentures outstanding. Quorum at the Meetings in respect of the CPC 2017 Debentureholders shall be CPC 2017 Debentureholders present in person or represented by proxy at the Meetings holding or representing by proxy not less than 25% of the principal amount of CPC 2017 Debentures outstanding. No business shall be transacted at the Meetings in respect of each of the Common Shares, Capstone 2016 Debentures or CPC 2017 Debentures unless the requisite quorum is present within 30 minutes from the time set for the holding of the Meeting. If a quorum is present at the commencement of the Meetings, a quorum shall be deemed to be present during the remainder of the Meetings. If there is an adjournment of either or both of the Meetings due to a lack of quorum, the adjourned Meeting(s) shall be adjourned to the same day in the next week (or, if not a Business Day, the following Business Day) at the same time and place, and if at such adjourned Meeting(s) a quorum is not present within 30 minutes from the time set for the holding of the Meeting(s), the Person or Persons present or represented by proxy at the Meeting(s) shall constitute a quorum.

What happens if I sign the enclosed Form of Proxy or Voting Instruction Form?

Signing the enclosed Form of Proxy or Voting Instruction Form gives authority to the Named Proxyholders to vote your Securities at the Meetings in accordance with your instructions. **A Capstone Securityholder who wishes to appoint another Person (who need not be a Capstone Securityholder) to represent the Capstone Securityholder at the Meetings may either insert the Person's name in the blank space provided in the Form of Proxy or Voting Instruction Form.**

What do I do with my completed Form of Proxy or Voting Instruction Form?

The completed Form of Proxy must be deposited at the office indicated on the enclosed envelope no later than 10:00 a.m. (Toronto time) on March 8, 2016, or 48 hours (not including Saturdays, Sundays and holidays) prior to the commencement of any adjourned or postponed Meetings. A completed Voting Instruction Form should be deposited in accordance with the instructions printed on the form. The time limit for the deposit of proxies may be waived by the chair of the Meetings without notice.

If I change my mind, can I take back my proxy once I have given it?

To revoke voting instructions, a Beneficial Capstone Securityholder should follow the procedures provided by the CDS Participant through which the Beneficial Capstone Securityholder holds Common Shares or Debentures.

In addition to revocation in any other manner permitted by law, a registered Capstone Securityholder may revoke a proxy by depositing an instrument in writing executed by the registered Capstone Securityholder or the registered Capstone Securityholder's attorney authorized in writing or, if the registered Capstone Securityholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation, with Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, (Attention: Proxy Department), at any time up to and including 10:00 a.m. (Toronto Time) on March 8, 2016 or, if the Meetings is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting, or

with the chairman of the Meetings prior to the commencement of the Meetings on March 10, 2016 or any postponement or adjournment thereof.

How will my Securities be voted if I give my proxy?

If you appoint the Named Proxyholders as your proxyholders, the Securities represented by the Form of Proxy or Voting Instruction Form will be voted for or against the Arrangement Resolution, in accordance with your instructions as indicated on the form and on any ballot that may be called for. **In the absence of instructions from you on the form, such Securities will be voted FOR the Arrangement Resolution.**

What if amendments are made to these matters or other business is brought before the Meetings?

The accompanying Form of Proxy or Voting Instruction Form confers discretionary authority on the Named Proxyholders with respect to any amendments or variations to the matters identified in the Joint Notice of Special Meeting of Securityholders or other matters that may properly come before the Meetings and the named Persons in your properly executed Form of Proxy or Voting Instruction Form will vote on such matters in accordance with their judgment. At the date of this Information Circular, management of Capstone and CPC are not aware of any such amendments, variations or other matters which are to be presented for action at the Meetings.

How many Securities are entitled to vote?

Capstone's issued and outstanding voting securities as at the applicable Record Date consist of 94,396,092 Common Shares and 3,249,390 Class B Units. In addition, Capstone had $42,749,000 aggregate principal amount of Capstone 2016 Debentures and $27,428,000 aggregate principal amount of CPC 2017 Debentures outstanding as at the applicable Record Date. Each Capstone Shareholder and holder of Class B Units will be entitled to one vote for each Common Share and Class B Unit held, each Capstone 2016 Debentureholder will be entitled to one vote for each $1,000 of outstanding principal amount of Capstone 2016 Debentures held and each CPC 2017 Debentureholder will be entitled to one vote for each $1,000 of outstanding principal amount of CPC 2017 Debentures held.

Who are the principal Capstone Shareholders?

The following table sets forth the only person who, as at the date of this Information Circular, to the knowledge of management of Capstone and the Capstone Board, beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities[(1)]:

Name	Number of Common Shares	Percentage of Common Shares
Kleinwort Benson Investors Dublin Ltd.	12,278,558	13.01%

Note:

(1) Based on public filings made under Canadian securities legislation.

See the Section of the Information Circular entitled, "*Information Concerning the Meetings — Voting Shares and Principal Holders Thereof*".

How do I vote if my Securities are held in the name of an Intermediary (a bank, trust company, securities broker, trustee or other)?

Only registered Capstone Securityholders, or the Persons they appoint as proxies, are permitted to vote at the Meetings without taking any further action. CDS and Computershare Investor Services Inc. (as trustee for the unexchanged common shareholders of Renewable Energy Developers Inc.) are Capstone's only registered Capstone Shareholders, Capstone 2016 Debentureholders and CPC 2017 Debentureholders. All Capstone Shareholders, Capstone 2016 Debentureholders and CPC 2017 Debentureholders other than CDS and Computershare Investor Services Inc. are Beneficial Capstone Securityholders. If your Securities are held in an account with a bank, trust company, securities broker, trustee or other financial institution as your nominee, as required by Canadian Securities Law, you will have received from your nominee either a Form of Proxy or Voting Instruction Form for the number of Securities you hold unless you have instructed the nominee otherwise. The purpose of this procedure is to permit Beneficial Capstone Securityholders to direct the voting of the Securities they beneficially own. Each nominee has

its own signing and return instructions, which you should carefully follow to ensure your Securities will be voted. If you are a Beneficial Capstone Securityholder and wish to:

- vote in person at the Meetings;
- change voting instructions given to your nominee; or
- revoke voting instructions given to your nominee and vote in person at the Meetings,

follow the instructions given by your nominee or contact your nominee to discuss what procedure to follow. You may also contact the information and proxy solicitation agent, D.F. King Canada by telephone at 1-800-229-5716 toll free in North America, or at 1-201-806-7301 outside of North America, or by e-mail at inquiries@dfking.com.

What if I have other questions?

If you have questions, you may contact the information and proxy solicitation agent, D.F. King Canada by telephone at 1-800-229-5716 toll free in North America, or at 1-201-806-7301 outside of North America, or by e-mail at inquiries@dfking.com.

Any questions and requests for assistance may be directed to the information and proxy solicitation agent:

D.F. KING

North American Toll Free Phone:

1 (800) 229-5716

Banks, Brokers and collect calls: 201-806-7301
Toll Free Facsimile: 1-888-509-5907
Email: inquiries@dfking.com

SUMMARY

The following is a summary of certain information contained in this Information Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Information Circular and the attached Appendices all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the Glossary of Terms or elsewhere in this Information Circular.

The Companies

Capstone

Capstone's mission is to provide investors with an attractive total return from responsibly managed long-term investments in core infrastructure in Canada and internationally. Capstone's strategy is to develop, acquire and manage a portfolio of high quality utilities, power and transportation businesses, and public-private partnerships that operate in a regulated or contractually-defined environment and generate stable cash flow. Capstone currently has investments in utilities businesses in Europe and owns, operates and develops thermal and renewable power generation facilities in Canada with a total installed capacity of net 468 megawatts.

The Common Shares, Capstone 2016 Debentures and CPC 2017 Debentures are listed on the TSX under the symbols CSE, CSE.DB.A and CPW.DB, respectively.

See "*Information Concerning Capstone*".

iCON, the Parent and the Purchaser

iCON is a London, United Kingdom based independent investment firm focused on investments in infrastructure businesses across Europe and North America. The Parent is an infrastructure investment fund established in 2015 and its managing general partner is a wholly-owned subsidiary of iCON incorporated and registered in Guernsey.

The Purchaser is a corporation existing under the laws of the Province of British Columbia. It is a subsidiary of the Parent that was incorporated for the purpose of effecting the Arrangement.

See "*Information Concerning iCON, the Parent and the Purchaser*".

The Arrangement

The Arrangement will be implemented by way of a court approved plan of arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, the following transactions will occur:

- Capstone Shareholders (other than dissenting Capstone Shareholders) will receive, for each Common Share held, $4.90 in cash;
- holders of Class B Units will receive, for each Class B Unit held, $4.90 in cash;
- provided that the requisite approval of the Arrangement Resolution by holders of Capstone 2016 Debentures is obtained, Capstone 2016 Debentureholders will receive, for each $1,000 of outstanding principal amount, the sum of (i) $1,010 and (ii) any accrued and unpaid interest thereon; and
- provided that the requisite approval of the Arrangement Resolution by holders of CPC 2017 Debentures is obtained, CPC 2017 Debentureholders will effectively receive, for each $1,000 of outstanding principal amount, an amount in cash equal to the sum of (i) $4.90 multiplied by the number of Common Shares a holder of CPC 2017 Debentures would be entitled to receive if such holder converted its CPC 2017 Debentures at the discounted cash change of control conversion price set out in the indenture governing the CPC 2017 Debentures, (ii) $0.76923 and (iii) any accrued and unpaid interest thereon.

The amount of the cash payments for the Debentures will vary depending on the date that the Arrangement is completed, since the discounted cash change of control conversion price for the CPC 2017 Debentures and the amount of accrued interest will depend on when the Arrangement is completed. Assuming, for example, an Effective Date of April 30, 2016, the cash consideration under the Arrangement for each $1,000 of outstanding principal amount of Debentures would be approximately $1,010 for the Capstone 2016 Debentures and $1,080.81 for the CPC 2017 Debentures, plus accrued interest to the date prior to the Effective Date in each case.

The Preferred Shares are not subject to the Arrangement and accordingly will remain outstanding on their terms following completion of the Arrangement.

In connection with the Arrangement, any vesting conditions applicable to each RSU, PSU or DSU shall automatically accelerate in full (with PSUs and DSUs (PSU) vesting using a performance multiplier of 1.0) and all outstanding RSUs, PSUs and DSUs immediately prior to the Effective Time shall automatically be cancelled in exchange for a payment by Capstone of an amount in cash equal to the Consideration (without interest). Each Capstone Option issued and outstanding immediately prior to the Effective Time, of which all are vested, will be transferred by the holder thereof to Capstone in exchange for the payment by Capstone of the Option Consideration to the holder of the Capstone Option, less any applicable Taxes required to be withheld with respect to such payment and without interest. The sole holder of Capstone Options has provided written consent to Arrangement.

The Arrangement Resolution, the full text of which is set forth in Appendix A to the Information Circular, must be approved by not less than two-thirds of the votes cast by the Capstone Shareholders present in person or represented by proxy at the Meetings, and by not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or represented by proxy at the Meetings.

Debentureholder approval will also be sought at the Meetings to allow the Debentureholders to participate in the Arrangement in the manner described above. The Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will each vote on the Arrangement as a separate class, and participation in the Arrangement by each class of Debentures will require the affirmative vote of not less than a majority in number and not less than 75% of the principal amount of such Debentures, in each case, present in person or represented by proxy at the Meetings. However, the approval of the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is not a condition to the completion of the Arrangement. If the requisite approval of the holders of a class of Debentures is not obtained at the Meetings, the applicable class of Debentures for which approval has not been obtained will be excluded from the Arrangement and will remain outstanding on its terms following closing of the Arrangement.

Under the terms of the Capstone 2016 Debenture Indenture, Capstone 2016 Debentureholders will be entitled to require Capstone to purchase their Capstone 2016 Debentures for cash consideration equal to 101% of the principal amount thereof, plus accrued and unpaid interest up to and including the date prior to the purchase. The purchase would be made on the date that is 30 days following delivery of a change of control notice by the Capstone 2016 Debenture Trustee.

Holders of Capstone 2016 Debentures which remain outstanding following the Effective Date who exercise their conversion rights under the Capstone 2016 Debentures after the Effective Date will be entitled to receive only cash. After the Effective Date, holders of any Capstone 2016 Debentures which remain outstanding who exercise their conversion rights will receive, rather than Common Shares, the amount of cash equal to the amount that they would have been entitled to receive had they been the registered holder of the applicable number of Common Shares on the Effective Date, together with accrued and unpaid interest to the date of conversion.

Under the terms of the CPC 2017 Debenture Indenture, Capstone will be required to make, within 30 days following the Effective Date, an offer to holders of CPC 2017 Debentures which remain outstanding following the Effective Date to purchase the CPC 2017 Debentures for cash consideration equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

Holders of CPC 2017 Debentures which remain outstanding following the Effective Date who exercise their conversion rights under the CPC 2017 Debentures after the Effective Date will be entitled to receive only cash. After the Effective Date, holders of CPC 2017 Debentures which remain outstanding following the Effective Date who exercise the conversion rights during the Cash Change of Control Conversion Period will receive the amount of cash

equal to the amount that they would have been entitled to receive if they had been the registered holders of the applicable number of Common Shares on the Effective Date following the conversion at the discounted cash change of control conversion price set out in the CPC 2017 Debenture Indenture together with accrued interest to the date of conversion.

CPC 2017 Debentureholders who exercise the conversion rights after the Cash Change of Control Conversion Period has ended will receive the amount of cash which they would have been entitled to receive if they had been the registered holders of the applicable number of Common Shares on the Effective Date following conversion at the regular conversion price under the CPC 2017 Debenture Indenture (which is currently $5.00 per Common Share), together with accrued interest up to, but excluding, the date of conversion. Any CPC 2017 Debentures in respect of which the conversion right is exercised after the Cash Change of Control Conversion Period will not be entitled to any payment in respect of the excess Common Shares into which CPC 2017 Debentures may have been converted at the discounted cash change of control conversion price set out in the CPC 2017 Debenture Indenture. See "*The Arrangement — Debentures*".

The Arrangement Agreement is attached to this Information Circular as Appendix D. Capstone encourages Capstone Securityholders to read the Arrangement Agreement as it is the agreement between Capstone and the Purchaser that governs the Arrangement. See "*The Arrangement — The Arrangement Agreement*".

The Plan of Arrangement is attached to this Information Circular as Appendix E. Capstone also encourages Capstone Securityholders to read the Plan of Arrangement. See "*The Arrangement — Arrangement Mechanics*".

The Meetings

The Meetings will be held at held at 10:00 a.m. (Toronto time) on March 10, 2016 at One King West Hotel, Room 1400, 1 King Street West, Toronto, Ontario, for the purposes set forth in the accompanying Joint Notice of Special Meetings of Securityholders. Currently, the sole purpose of the Meetings is for Capstone Securityholders to consider and, if deemed advisable, approve the Arrangement Resolution. See "*Information Concerning the Meetings – Purpose of the Meetings*".

The Capstone Securityholders entitled to vote at the Meetings are those holders of Common Shares, Class B Units and CPC 2017 Debentures as of the close of business (Toronto time) on January 22, 2016 and the holders of Capstone 2016 Debentures as of the close of business (Toronto time) on February 3, 2016. See "*Information Concerning the Meetings — Voting Shares and Principal Holders Thereof*".

Background and Reasons for the Arrangement

The Arrangement Agreement is the result of the arm's length negotiation between Capstone and iCON and their respective advisors. The background to the Arrangement, as well as the reasons of the Capstone Board and the board of directors of CPC for their recommendations of the Arrangement, are set forth in this Information Circular. See "*The Arrangement — Background to the Arrangement and Reasons for the Recommendation*".

Recommendation of the Capstone Board of Directors

Following receipt of advice and assistance of the Financial Advisors and legal counsel, the Capstone Board carefully evaluated the terms of the proposed Arrangement and unanimously determined that the Arrangement is in the best interests of Capstone and based upon, among other things, the Fairness Opinions of the Financial Advisors, that the consideration to be received under the Arrangement by each of the Capstone Shareholders, the holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders is fair from a financial point of view to such securityholders, respectively. Accordingly, the Capstone Board has unanimously approved the Arrangement and the entering into of the Arrangement Agreement and recommends that Capstone Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders vote **FOR** the Arrangement Resolution.

The discussion contained in this Information Circular of the information and factors considered and given weight to by the Capstone Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement Resolution, the Capstone Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

See "*The Arrangement — Recommendation of the Capstone Board*".

Recommendation of the CPC Board of Directors

The board of directors of CPC carefully evaluated the terms of the proposed Arrangement and unanimously determined that the Arrangement is in the best interests of CPC and, based upon, among other things, the Fairness Opinions of the Financial Advisors received by the Capstone Board and the Board Recommendation, that the consideration to be received under the Arrangement by the CPC 2017 Debentureholders is fair from a financial point of view to such securityholders. Accordingly, the board of directors of CPC has unanimously approved the Arrangement and recommends that CPC 2017 Debentureholders vote **FOR** the Arrangement Resolution.

See "*The Arrangement — Recommendation of the Board of Directors of CPC*".

Voting Support Agreements

Each of the Executive Officers and directors of Capstone, holding Common Shares representing in aggregate approximately 0.4% of the outstanding Common Shares, have entered into Voting Support Agreements with the Purchaser, pursuant to which, among other things, they have agreed to vote in favour of the Arrangement.

Fairness Opinions

In deciding to approve the Arrangement, the Capstone Board considered, among other things, the Fairness Opinions of the Financial Advisors. The Capstone Board received opinions from each of the Financial Advisors, that, as of January 20, 2016 and subject to the scope of review, assumptions and limitations set forth in their respective opinions, the consideration to be received by the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders under the Arrangement is fair, from a financial point of view, to the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders, respectively. This summary of the Fairness Opinions is qualified in its entirety by reference to the full text of the fairness opinions attached to this Information Circular as Appendix F. **Capstone encourages Capstone Securityholders to read the Fairness Opinions in their entirety**. See "*The Arrangement — Fairness Opinions*".

The Financial Advisors provided their respective opinions for the information and assistance of the Capstone Board in connection with its consideration of the Arrangement. Such opinions are not a recommendation as to how any Capstone Securityholder should vote with respect to the Arrangement or any other matter.

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement will be implemented by way of a court approved plan of arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement must be approved by the Capstone Securityholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

(d) if applicable, the Final Order, the Arrangement Records and related documents, in the form prescribed by the BCBCA, must be filed with the Registrar.

Capstone Securityholder Approval of the Arrangement

At the Meetings, Capstone Shareholders both as a single class and collectively with holders of Class B Units will be asked to approve the Arrangement Resolution. The requisite approval for the Arrangement Resolution is (i) not less

than two-thirds of the votes cast by the Capstone Shareholders present in person or by proxy at the Meetings and (ii) not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or represented by proxy at the Meetings. The Arrangement Resolution must receive both the requisite Capstone Shareholder approval and the requisite approval of Capstone Shareholders and holders of Class B Units, voting together as a single class, in order for Capstone to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

Debentureholder approval will also be sought at the Meetings. The Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will each vote on the Arrangement as a separate class of securities, and participation in the Arrangement by each class of Debentures will require the affirmative vote of not less than a majority in number and not less than 75% of the principal amount of such class of Debentures, in each case, present in person or represented by proxy at the Meetings. However, the approval of the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is not a condition to the successful completion of the Arrangement. If the requisite approval of the holders of a class of Debentures is not obtained at the Meetings, such class of Debentures will be excluded from the Arrangement and such Debentures will remain outstanding on their terms following closing of the Arrangement.

See "*The Arrangement — Capstone Securityholder Approval of the Arrangement*".

Court Approval

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Court. Subject to the terms of the Arrangement Agreement and provided that the Arrangement Resolution receives the Required Equity Securityholder Approvals, Capstone will make an application to the Court for the Final Order. The hearing in respect of the Final Order is scheduled to take place on or about March 15, 2016 at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as is reasonably practicable. On the application, the Court will consider the fairness of the Arrangement. See "*The Arrangement — Court Approval of the Arrangement and Completion of the Arrangement*".

Conditions Precedent

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or both of Capstone and the Purchaser at or prior to the Effective Time. See "*The Arrangement — The Arrangement Agreement — Conditions to Closing*".

Effective Time

Unless otherwise agreed by Capstone and the Purchaser, the Effective Date of the Arrangement will occur on the tenth Business Day after the date on which the Required Equity Securityholder Approvals and the required Court and Regulatory Approvals have been obtained and all other conditions to closing have been satisfied or waived other than the conditions relating to funding the consideration payable and any other conditions that by their nature cannot be satisfied until the Effective Time. Currently it is anticipated that the Effective Date will be in the second quarter of 2016, but it is not possible to state with certainty when the Effective Date will occur. The Effective Date could be earlier than anticipated or could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to obtain all Regulatory Approvals in the time frames anticipated. See "*The Arrangement — The Arrangement Agreement — Effective Date of the Arrangement*".

Regulatory Matters

In addition to the Required Equity Securityholder Approvals and the approval of the Court, it is a condition to the implementation of the Arrangement that all of the requisite regulatory approvals be obtained, being ICA Approval and Competition Act Approval. The Competition Act Approval was received on February 4, 2016. See "*The Arrangement — Regulatory Matters*".

Sources of Funds for the Arrangement

The aggregate cash amount required by the Purchaser in order to fund the Consideration, the Capstone 2016 Debenture Consideration and the CPC Exchange Consideration is expected to be funded from the proceeds of the Debt Financing, pursuant to the terms of the Debt Commitment Letter, and the Equity Financing, pursuant to the terms of the Equity Commitment Letter.

Debt Financing

Pursuant to the Debt Commitment Letter, the Lenders have agreed to make available to the Purchaser the Credit Facilities in an aggregate amount of up to $125 million. See "*The Arrangement — Sources of Funds for the Arrangement — Debt Commitment Letter*".

Equity Financing

Pursuant to the Equity Commitment Letter the Parent has agreed to provide equity financing to the Purchaser in an aggregate amount of up to $480 million. See "*The Arrangement — Sources of Funds for the Arrangement — Equity Commitment Letter*".

Guarantee

The Parent has provided the Guarantee to Capstone pursuant to which the Parent has guaranteed to Capstone, on the terms and conditions set forth therein, the due and punctual payment of certain payment and/or indemnification and reimbursement obligations of the Purchaser under the Arrangement Agreement up to a maximum amount as stated in the Guarantee. "*The Arrangement — Guarantee*".

Arrangement Agreement

The following is a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Appendix D to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular. See "*The Arrangement — The Arrangement Agreement*" and Appendix D to this Information Circular for the entire text of the Arrangement Agreement.

Covenants, Representations and Warranties

The Arrangement Agreement contains usual and customary covenants and representations and warranties for an agreement of this type, which are summarized in the main body of this Information Circular. See "*The Arrangement Agreement — Covenants*" and "*The Arrangement Agreement — Representations and Warranties*".

Conditions to the Arrangement

The obligations of Capstone and the Purchaser to complete the Arrangement are subject to the satisfaction or waiver of certain conditions set out in the Arrangement Agreement which are summarized in the main body of this Information Circular. These conditions include the receipt of the Required Equity Securityholder Approvals, Court approval and regulatory approvals. See "*The Arrangement Agreement — Conditions to Closing*".

Non-Solicitation Provisions

In the Arrangement Agreement, Capstone has agreed to certain non-solicitation covenants in favour of the Purchaser which are summarized in the main body of this Information Circular. See "*The Arrangement Agreement — Covenants of Capstone Regarding Non-Solicitation*".

If the Capstone Board authorizes Capstone to enter into a written agreement (other than a confidentiality and standstill agreement) with respect to a Superior Proposal, Capstone will be required to pay to the Purchaser, as agent for and on behalf of the Parent, the Termination Fee. See "*The Arrangement Agreement — Termination Fee*".

Termination of Arrangement Agreement

Capstone and the Purchaser may mutually agree in writing to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Date. In addition, either Capstone or the Purchaser may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Date if certain specified events occur. See "*The Arrangement Agreement — Termination of the Arrangement Agreement*".

Termination Fee

The Arrangement Agreement requires that Capstone pay the Termination Fee in certain circumstances, including if the Arrangement is not completed for certain reasons. See "*The Arrangement Agreement — Termination Fee*".

Procedure for Exchange of Certificates by Capstone Securityholders

Enclosed with this Information Circular are forms of Letter of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing Common Shares, Class B Units or Debentures, as applicable, and all other required documents, will enable each Capstone Securityholder (other than Dissenting Holders) to obtain the Consideration, the Capstone 2016 Debenture Consideration and/or the amount payable in respect of the CPC 2017 Debentures, as applicable, that such registered Capstone Securityholder is entitled to receive under the Arrangement.

The forms of Letter of Transmittal contain complete instructions on how to exchange the certificate(s) representing the Common Shares, Class B Units or Debentures, as applicable, for the Consideration, the Capstone 2016 Debenture Consideration and/or the CPC Cash Payment, as applicable, under the Arrangement. A registered Capstone Securityholder will not receive Consideration, the Capstone 2016 Debenture Consideration and/or the amount payable in respect of the CPC 2017 Debentures, as applicable, under the Arrangement until after the Arrangement is completed and the registered Capstone Securityholder has returned its properly completed documents, including the applicable Letter of Transmittal, and the certificate(s) representing the Common Shares, Class B Units or Debentures, as applicable, to the Depositary.

Only registered Capstone Securityholders are required to submit a Letter of Transmittal. **A Beneficial Capstone Securityholder holding Common Shares or Debentures, as applicable, through an Intermediary, should contact that Intermediary for instructions and assistance in depositing certificates representing the Common Shares or Debentures, as applicable, and carefully follow any instructions provided by such Intermediary.**

From and after the Effective Time, all certificates that represented Common Shares or Class B Units immediately prior to the Effective Time will cease to represent any rights with respect to Common Shares or Class B Units, as applicable, and will only represent the right to receive the Consideration or, in the case of Dissenting Holders, the right to receive fair value for their Common Shares. Provided that the Capstone 2016 Debentureholder Approval is obtained from the Capstone 2016 Debentureholders at the Meetings, from and after the Effective Time, all certificates that represented Capstone 2016 Debentures immediately prior to the Effective Time will cease to represent any rights with respect to such Capstone 2016 Debentures and will only represent the right to receive the Capstone 2016 Debenture Consideration. Provided that the CPC 2017 Debentureholder Approval is obtained from the CPC 2017 Debentureholders at the Meetings, from and after the Effective Time, all certificates that represented CPC 2017 Debentures immediately prior to the Effective Time will cease to represent any rights with respect to such CPC 2017 Debentures and will only represent the right to receive for each $1,000 of outstanding principal amount, an amount in cash equal to the sum of (i) $4.90 multiplied by the number of Common Shares equal to the CPC 2017 Debenture Conversion Ratio, (ii) $0.76923 and (iii) any accrued and unpaid interest due. If the Capstone 2016 Debentureholder Approval or the CPC 2017 Debentureholder Approval is not obtained at the Meetings, the Capstone 2016 Debentures or the CPC 2017 Debentures, as applicable, will be excluded from the Arrangement and will be dealt with according to their terms.

Any such certificate, agreement or other instrument (as applicable) formerly representing Common Shares, Class B Units or Debentures (assuming such Debentures participate in the Arrangement) not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any holder thereof of any kind or nature against or in Capstone, CPC or the Purchaser. On such date, all consideration to which such former

holder was entitled under the Plan of Arrangement shall be deemed to have been surrendered to the Purchaser, together with all entitlements to dividends, distributions and interest thereon held for such former registered holder.

A cheque in the amount payable to the former registered Capstone Securityholder who has complied with the procedures set forth above will, as soon as practicable after the Effective Date: (i) be forwarded to the holder at the address specified in the Letter of Transmittal by insured first class mail; or (ii) be made available at the offices of the Depositary for pick-up by the holder as requested by the holder in the Letter of Transmittal.

Any use of mail to transmit certificate(s) representing Common Shares, Class B Units or Debentures, as applicable, and the Letter of Transmittal is at each holder's risk. Capstone recommends that such certificate(s) and other documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used (with proper acknowledgment) and appropriate insurance be obtained.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by Capstone against certain liabilities under applicable securities laws and expenses in connection therewith.

See "*The Arrangement — Arrangement Mechanics*" and "*The Arrangement — Procedure for Exchange of Certificates by Capstone Securityholders*".

Dissent Rights

The Interim Order expressly provides registered holders of Common Shares with the right to dissent with respect to the Arrangement Resolution. Each Dissenting Holder is entitled to be paid the fair value (determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meetings) of all, but not less than all, of the holder's Common Shares, provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective.

A registered Capstone Shareholder may exercise rights of dissent under Section 237 to Section 247 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order; provided that, notwithstanding Section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution must be received from Capstone Shareholders who wish to dissent by Capstone not later than 5:00 p.m. (Toronto time) two Business Days immediately preceding the date of the Meetings. Capstone's address for such purpose is Capstone c/o Blake, Cassels & Graydon LLP, Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, Attention: Sean Boyle.

It is important that registered Capstone Shareholders who wish to dissent comply strictly with the dissent procedures described in this Information Circular. See "*Dissenting Capstone Shareholder Rights*".

Stock Exchange Listings

Common Shares

It is intended that the Common Shares will be delisted from the TSX after the Effective Date.

The closing price per share of the Common Shares on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement was $3.40, and on February 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price per share of the Common Shares was $4.78.

Capstone 2016 Debentures

It is intended that if the Capstone 2016 Debentures are redeemed and cancelled pursuant to the Arrangement, the Capstone 2016 Debentures will be delisted from the TSX after the Effective Date. If the Capstone 2016 Debentures are not redeemed and cancelled pursuant to the Arrangement, it is expected that the Capstone 2016 Debentures will remain listed for trading on the TSX until such time as they are redeemed according to their terms.

The closing price of the Capstone 2016 Debentures on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement, was $100.75 for each $100 principal amount, and on

February 4, 2016, the last full trading day on the TSX on which the Capstone 2016 Debentures were traded before the date of this Information Circular, the closing price of the Capstone 2016 Debentures was $101.25 for each $100 principal amount.

CPC 2017 Debentures

It is intended that if the CPC 2017 Debentures are exchanged and cancelled pursuant to the Arrangement, the CPC 2017 Debentures will be delisted from the TSX after the Effective Date. If the CPC 2017 Debentures are not exchanged and cancelled pursuant to the Arrangement, it is expected that the CPC 2017 Debentures will remain listed for trading on the TSX until such time as they are redeemed according to their terms and that CPC will continue to be a reporting issuer (or its equivalent) in all provinces of Canada.

The closing price of the CPC 2017 Debentures on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement, was $100.75 for each $100 principal amount, and on February 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price of the CPC 2017 Debentures was $107.00 for each $100 principal amount.

Certain Income Tax Consequences of the Arrangement

Canada

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Capstone Securityholders who, under the Arrangement, ultimately dispose of one or more Common Shares, Class B Units or Debentures. See the discussion under the section entitled "*Tax Considerations to Capstone Securityholders — Certain Canadian Federal Income Tax Considerations*".

Other

This Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement for Capstone Securityholders who are subject to income tax outside of Canada. Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions.

Risk Factors

There are risks associated with the completion of the Arrangement. Some of these risks include that the Arrangement Agreement may be terminated in certain circumstances, in which case the market price for Common Shares and Debentures may be adversely affected and that the closing of the Arrangement is conditional on, among other things, the receipt of approvals from Governmental Entities that could delay completion of the Arrangement. If the Arrangement is completed but one or both classes of Debentures do not participate in the Arrangement, the holders of such non-participating series of Debentures may also face certain risks.

See "*Risk Factors*".

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Information Circular the following terms shall have the meanings set forth below. Further, capitalized terms used herein that are not defined in this Information Circular have the meanings given to them in the Arrangement Agreement, a copy of which is attached hereto as Appendix D.

"**2013 Performance Incentives**" has the meaning ascribed thereto in "*Interests of Certain Persons in the Arrangement — Timing Adjustment Payments*";

"**2013 PSUs**" means the PSUs granted to the officers of Capstone in 2013;

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Parent, the Purchaser or one or more of their affiliates relating to: (i) any direct or indirect sale or disposition, in a single transaction or a series of related transactions, of assets (including voting or equity securities of Subsidiaries or Non-Controlled Entities) representing 20% or more of the consolidated assets of Capstone (based on the consolidated statement of financial position of Capstone most recently filed as part of the Capstone Filings prior to such time) or contributing 20% or more of the consolidated annual revenue or Adjusted EBITDA of Capstone (based on the consolidated annual financial statements of Capstone most recently filed as part of the Capstone Filings prior to such time) or of 20% or more of the voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of Capstone; (ii) any direct or indirect take-over bid, tender offer, exchange offer or treasury issuance that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of Capstone; or (iii) any plan of arrangement, merger, amalgamation, consolidation, security exchange, business combination, reorganization, recapitalization, liquidation, dissolution, or winding up involving Capstone or any of its Subsidiaries holding 20% or more of the consolidated assets of capstone or contributing 20% or more of the consolidated revenue of Capstone;

"**Adjusted EBITDA**" has the meaning ascribed thereto in the Capstone Filings;

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus Exemptions*;

"**Aggregate Conversion Number**" has the meaning ascribed thereto in Section 2.3(i)(ii) of the Plan of Arrangement set out in Appendix E hereto;

"**Amalco**" means Capstone Infrastructure Corporation, the amalgamated corporation under the BCBCA resulting from the amalgamation of Capstone and MUC Amalco;

"**ARC**" means an advance ruling certificate pursuant to Section 102 of the Competition Act;

"**Arrangement**" means an arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 5.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Capstone and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement made as of January 20, 2016 between the Purchaser and Capstone (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Arrangement Records**" means the records in respect of the Arrangement required under Division 5 of Part 9 of the BCBCA to be filed with the Registrar after the Final Order has been granted giving effect to the Arrangement including, as applicable, one or more notices of alteration of notices of articles and a copy of the Final Order;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Meetings by Capstone Securityholders entitled to vote thereon pursuant to the Interim Order attached hereto as Appendix A;

"**associates**" has the meaning ascribed thereto under the Securities Act;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Beneficial Capstone Securityholders**" means Capstone Securityholders who hold their Securities through an Intermediary or who otherwise do not hold their Securities in their own name;

"**Beneficial Capstone Shareholders**" means Capstone Shareholders who hold their Common Shares through an Intermediary or who otherwise do not hold their Common Shares in their own name;

"**Board Recommendation**" means the statement that the Capstone Board determined that the Arrangement is in the best interests of Capstone and unanimously recommends that Capstone Shareholders, the holders of Class B Units and the Debentureholders vote in favour of the Arrangement Resolution;

"**Bristol Water Entities**" means Bristol Water Holdings UK Limited, its Subsidiaries and Bristol Wessex Billing Services Limited;

"**Business Day**" means any day of the year, other than a Saturday, a Sunday or a day on which major banks are closed for business in Toronto, Ontario or London, England;

"**Capstone**" means (i) Capstone Infrastructure Corporation or, following the amalgamation of Capstone and MUC Amalco as part of the Plan of Arrangement, Amalco; or (ii) Capstone Infrastructure Corporation and CPC, as the context requires;

"**Capstone 2016 Debenture Consideration**" means an amount equal to (i) 101% of the aggregate principal amount of the Capstone 2016 Debentures outstanding, together with (ii) any accrued and unpaid interest thereon up to and including the Effective Date, at the rate of interest specified in the Capstone 2016 Debenture Indenture;

"**Capstone 2016 Debenture Indenture**" means the trust indenture dated December 22, 2009 between Macquarie Power & Infrastructure Income Fund and Computershare Trust Company of Canada, as trustee, as amended by the supplemental indenture dated January 1, 2011 among Macquarie Power & Infrastructure Income Fund, Macquarie Power and Infrastructure Corporation and Computershare Trust Company of Canada, as trustee;

"**Capstone 2016 Debenture Trustee**" means Computershare Trust Company of Canada;

"**Capstone 2016 Debentureholder Approval**" means the approval of the Arrangement Resolution by Capstone 2016 Debentureholders in accordance with the Interim Order;

"**Capstone 2016 Debentureholders**" means the registered and/or beneficial holders of the Capstone 2016 Debentures, as the context requires;

"**Capstone 2016 Debentures**" means the 6.50% convertible unsecured subordinated debentures of Capstone due December 31, 2016;

"**Capstone Assets**" means all of the assets, properties (real or personal), permits, rights, licences, waivers or consents (whether contractual or otherwise) of Capstone and its Subsidiaries;

"**Capstone Board**" means the board of directors of Capstone, as constituted from time to time;

"**Capstone Disclosure Letter**" means the disclosure letter dated January 20, 2016 executed and delivered by Capstone to the Purchaser in connection with the execution of the Arrangement Agreement;

"**Capstone Expense Fee**" means the reasonable and documented out-of-pocket expenses of the Parent and the Purchaser or any of their affiliates in relation to the transactions contemplated by the Arrangement Agreement and related activities up to a maximum of $3.0 million;

"**Capstone Filings**" means all documents publicly filed by or on behalf of Capstone or CPC on SEDAR on or after January 1, 2014;

"**Capstone LTIP**" means the Capstone's long-term incentive plan;

"**Capstone Options**" means the outstanding options to purchase Common Shares issued by Capstone in exchange for options to purchase common shares of Renewable Energy Developers Inc. pursuant to the plan of arrangement effective October 1, 2013 whereby Capstone acquired Renewable Energy Developers Inc.;

"**Capstone Securityholders**" means, collectively, the Capstone Shareholders, the holders of Class B Units, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders;

"**Capstone Shareholders**" means the registered and/or beneficial holders of the Common Shares, as the context requires;

"**Capstone STIP**" means Capstone's short term incentive plan;

"**Cash Change of Control Conversion Period**" means the period beginning 10 trading days prior to the Effective Date and ending 30 days after the change of control offer contemplated under the CPC 2017 Debenture Indenture is delivered;

"**CDS**" means CDS & Co. and CDS Clearing and Depository Services Inc.;

"**CDS Participant**" means the participants for which CDS acts as a clearing agent including banks, trust companies, securities dealers or brokers and trustees of or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans;

"**Change of Control Conversion Price**" shall be calculated in accordance with the following formula:

COCCP = OCP/(1+(CP x (c/t))) where:

"COCCP" is the Change of Control Conversion Price;

"OCP" is $5.00;

"CP" is 32.65%;

"c" is the number of days from the Effective Date to but excluding December 31, 2017; and

"t" is the number of days from and including August 28, 2012 to but excluding December 31, 2017;

"**Class B Units**" means the Class B exchangeable limited partnership units of MPT LTC Holding LP, which are exchangeable for Common Shares;

"**CMA**" has the meaning ascribed thereto in "*The Arrangement — Background to the Arrangement and Reasons for the Recommendation*";

"**Commissioner**" means the Commissioner of Competition appointed pursuant to subsection 7(1) of the Competition Act or his designee;

"**Common Shares**" means the common shares in the capital of Capstone;

"**Competition Act**" means the *Competition Act*, R.S.C. 1985, c.C-34, as amended;

"**Competition Act Approval**" means, with respect to the transactions contemplated by the Arrangement Agreement, the following: (i) receipt by the Purchaser of an ARC from the Commissioner under Subsection 102(1) of the Competition Act; or (ii) (a) the expiry of the waiting period under Subsection 123(1) of the Competition Act, the termination of the waiting period under Subsection 123(2) of the Competition Act or a waiver of the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act under paragraph 113(c) of the Competition Act ("**Waiver**") and (b) receipt by the Purchaser of a No Action Letter;

"**Competition Tribunal**" means the Competition Tribunal established by subsection 3(1) of the *Competition Tribunal Act*;

"**Confidentiality Agreement**" means the confidentiality agreement dated October 30, 2015 between Capstone and the Parent;

"**Consideration**" means $4.90 in cash per Common Share or Class B Unit, without interest, subject to adjustment pursuant to Section 2.11 of the Arrangement Agreement;

"**Court**" means the Supreme Court of British Columbia, or other court as applicable;

"**CPC**" means Capstone Power Corp.;

"**CPC 2017 Debenture Conversion Ratio**" means that number of Common Shares into which each $1,000 principal amount of CPC 2017 Debentures is convertible at the Change of Control Conversion Price;

"**CPC 2017 Debenture Indenture**" means the debenture indenture dated as of August 28, 2012 between Sprott Power Corp. and Equity Financial Trust Company, as trustee, as amended by the supplemental debenture indenture dated October 1, 2013 among Capstone, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, the second supplemental indenture dated November 12, 2013 among Capstone, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, and the third supplemental indenture dated February 15, 2014 among Capstone, CPC and Equity Financial Trust Company, as trustee;

"**CPC 2017 Debenture Trustee**" means Equity Financial Trust Company;

"**CPC 2017 Debentureholder Approval**" means the approval of the Arrangement Resolution by CPC 2017 Debentureholders in accordance with the Interim Order;

"**CPC 2017 Debentureholders**" means the registered and/or beneficial holders of the CPC 2017 Debentures, as the context requires;

"**CPC 2017 Debentures**" means the 6.75% extendible convertible unsecured subordinated debentures of CPC due December 31, 2017;

"**CPC Cash Payment**" has the meaning ascribed thereto in Section 2.3(i)(i) of the Plan of Arrangement set out in Appendix E hereto;

"**CPC Exchange Consideration**" has the meaning ascribed thereto in Section 2.3(n)(i) of the Plan of Arrangement set out in Appendix E hereto;

"**CPD LTIP**" means the long-term incentive plan of Capstone Power Development (BC) Corp., a wholly-owned Subsidiary of Capstone;

"**Credit Facilities**" means, collectively, the following credit facilities which the Lenders have agreed to make available to the Purchaser, pursuant to the Debt Commitment Letter:

(a) $85 million non-revolving acquisition facility;

(b) $5 million revolving credit facility; and

(c) $35 million revolving letter of credit facility;

"**Debentureholders**" means, collectively, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders;

"**Debentures**" means, collectively, the Capstone 2016 Debentures and the CPC 2017 Debentures;

"**Debt Commitment Letter**" means the debt commitment letter, including the term sheet attached thereto, among the Purchaser, the Parent and the Lenders identified therein dated January 20, 2016, or any amendment thereof or other lender substituted therefor in accordance with Section 4.3 of the Arrangement Agreement, in each case as provided to Capstone;

"**Debt Financing**" means the agreement of the Lenders to lend, subject to the terms and conditions of the Debt Commitment Letter, the amounts set forth in the Debt Commitment Letter with such amounts to be borrowed by CPC;

"**Depositary**" means Computershare Trust Company of Canada, as depositary for the Securities in connection with the Arrangement;

"**Director DSU Plan**" means the deferred share unit plan for non-employee directors of Capstone;

"**Director DSUs**" means the deferred share units issued under the Director DSU Plan;

"**Director of Investments**" means the Director of Investments appointed under Section 6 of the Investment Canada Act;

"**Dissent Rights**" has the meaning ascribed thereto in Section 3.1 of the Plan of Arrangement set out in Appendix E hereto;

"**Dissenting Holder**" means a registered Capstone Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such registered Capstone Shareholder;

"**DRIP**" means Capstone's dividend reinvestment plan which provides Capstone Shareholders the opportunity to reinvest cash dividends in Common Shares;

"**DSUs**" means the Director DSUs, DSUs (PSU), DSUs (RSU) and DSUs (Bonus);

"**DSUs (Bonus)**" means deferred share units of Capstone issued under the Capstone LTIP in lieu of cash awards under the Capstone STIP or the CPD LTIP;

"**DSUs (PSU)**" means performance-based vesting deferred share units of Capstone issued under the Capstone LTIP in lieu of PSUs;

"**DSUs (RSU)**" means time-based vesting deferred share units of Capstone issued under the Capstone LTIP in lieu of RSUs;

"**Effective Date**" means the date upon which the Arrangement becomes effective, as set out in Section 2.9 of the Arrangement Agreement;

"**Effective Time**" means 12:01 a.m., Vancouver time, on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

"**Employees**" means all of the employees of Capstone and the Subsidiaries;

"**Employment Agreements**" means the employment agreements Capstone has entered into with the Executive Officers;

"**Equity Commitment Letter**" means the executed equity commitment letter from the Parent in favour of the Purchaser dated the date hereof;

"**Equity Financing**" means the equity financing provided pursuant to the Equity Commitment Letter;

"**Executive Officers**" means Michael Bernstein, Michael Smerdon, Jack Bittan and Rob Roberti;

"**Fairness Opinions**" means the opinions of the Financial Advisors to the effect that, as at the date of such opinions, the consideration to be received by each of the Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders under the Arrangement is fair, from a financial point of view, to such Capstone Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders, respectively;

"**Final Order**" means the final order of the Court in a form acceptable to Capstone and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of Capstone and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended (provided that any such amendment is acceptable to Capstone and the Purchaser, each acting reasonably) on appeal;

"**Financial Advisors**" means RBC and TD, and "**Financial Advisor**" means either RBC or TD, as the context may require;

"**First Nations**" means any first nation and/or indigenous and/or aboriginal person(s), tribe(s) and/or band(s) of Canada, including Métis communities;

"**GAAP**" means Canadian generally accepted accounting principles applicable to public companies at the relevant time applied on a consistent basis, which, for greater certainty, includes International Financial Reporting Standards;

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, ministry, governor-in-council, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange;

"**Guarantee**" means the guarantee dated as at January 20, 2016 by the Parent in favour of Capstone;

"**ICA Approval**" means the Minister having sent a notice to the Purchaser stating that the Minister is satisfied that the transactions contemplated by the Arrangement Agreement are likely to be of net benefit to Canada or the Minister having been deemed to be satisfied that the transactions contemplated by the Arrangement Agreement are likely to be of net benefit to Canada;

"**iCON**" means iCON Infrastructure LLP, a London, United Kingdom-based independent investment management firm;

"**Incentive Security**" means any of the Capstone Options, RSUs, PSUs and DSUs;

"**Information Circular**" means this Management Information Circular together with all appendices hereto to be mailed or otherwise distributed by Capstone to the Capstone Securityholders or such other securityholders of Capstone as may be required pursuant to the Interim Order in connection with the Meetings;

"**Interim Order**" means the interim order of the Court in a form acceptable to Capstone and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meetings, as such order may be amended, modified, supplemented or varied by the Court (with the consent of Capstone and the Purchaser, each acting reasonably);

"**Intermediary**" means, collectively, a broker, investment dealer, bank, trust company, nominee or other intermediary;

"**Investment Canada Act**" or "**ICA**" means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.), as amended;

"**Joint Request**" means the request made jointly by the Purchaser and Capstone that the Commissioner issue an ARC or, in the event the Commissioner will not issue an ARC, a Waiver and No Action Letter, in respect of the Arrangement;

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common, civil or otherwise), constitution, treaty, convention, ordinance, by-law, code, rule, regulation, order, injunction, judgment, award, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise;

"**Lenders**" means Canadian Imperial Bank of Commerce and The Bank of Nova Scotia, their respective assignees of all or any portion of their commitments under the Debt Commitment Letter or any other lenders substituted therefor in accordance with Section 4.3 of the Arrangement Agreement;

"**Letter of Transmittal**" means the letter of transmittal sent to holders of Securities for use in connection with the Arrangement;

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, lien (statutory or otherwise), or restriction or adverse right or claim, or other encumbrance of any kind;

"**Matching Period**" means the period of time that is at least five Business Days from the date that is the later of the date on which the Purchaser receives a Superior Proposal Notice and the date on which the Purchaser receives all of the materials set forth in Section 5.4(1)(iii) of the Arrangement Agreement;

"**Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, states of facts or circumstances, is or would reasonably be expected to be material and adverse to the business, results of operations, assets, properties, financial condition, liabilities (contingent or otherwise) or operations of Capstone and its Subsidiaries (including their interests in the Non-Controlled Entities), taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from or arising in connection with:

(i) any change affecting one or more of the industries in which Capstone, its Subsidiaries and the Non-Controlled Entities operate;

(ii) any change in currency exchange, interest or inflation rates, in political conditions (including the outbreak or escalation of war, military action or acts of terrorism) or in general economic, business, regulatory, financial, credit or capital market conditions in Canada, the United Kingdom, Sweden or elsewhere;

(iii) any adoption, proposal or implementation of, or change in, law or in the interpretation thereof by any Governmental Entity;

(iv) any change in GAAP or changes in regulatory accounting requirements;

(v) any natural disaster;

(vi) the failure of Capstone to meet any internal or published projections, forecasts or estimates of revenues, earnings, sales, margins or cash flows (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);

(vii) any action taken (or omitted to be taken) by Capstone or any of its Subsidiaries or Non-Controlled Entities upon the written request or with the written consent of the Parent or the Purchaser;

(viii) the execution, announcement or performance of the Arrangement Agreement or the consummation of the transactions contemplated thereby;

(ix) any change in the market price or trading volume of any securities of Capstone or any of its Subsidiaries or Non-Controlled Entities (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally on any securities exchange on which the securities of Capstone or any of its Subsidiaries or Non-Controlled Entities trade; or

(x) any matter disclosed in the Capstone Disclosure Letter to the extent of such disclosure;

provided, however, that (a) with respect to clauses (i) through to and including (v), such matter does not have a materially disproportionate effect on Capstone and its Subsidiaries (including their interests in the Non-Controlled Entities), taken as a whole, relative to other comparable companies and entities operating in the industries in which Capstone, its Subsidiaries and/or the Non-Controlled Entities operate; and (b) references in certain Sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "Material Adverse Effect" has occurred;

"**Meetings**" means the special meetings of Capstone and CPC involving the Capstone Securityholders to be held at 10:00 a.m. (Toronto time) on March 10, 2016 at One King West Hotel, Room 1400, 1 King Street West, Toronto, Ontario;

"**MI 61-101**" means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*;

"**Minister**" means the responsible Minister under the Investment Canada Act;

"**MUC**" means MPT Utilities Corp., a corporation existing under the laws of British Columbia, Canada;

"**MUC Amalco**" means MPT Utilities Corp., the amalgamated corporation under the BCBCA resulting from the amalgamation of MUEL and MUC as part of the Arrangement;

"**MUEL**" means MPT Utilities Europe Ltd., a corporation existing under the laws of British Columbia, Canada;

"**Named Proxyholders**" means the officers and/or directors of Capstone named in the forms of proxy accompanying the Information Circular;

"**New Common Shares**" has the meaning ascribed thereto in Section 2.3(m) of the Plan of Arrangement set out in Appendix E hereto;

"**No Action Letter**" means written confirmation from the Commissioner of Competition that he does not, at that time, intend to make an application under Section 92 of the Competition Act in respect to the Arrangement;

"**Non-Controlled Entities**" means Glen Dhu Wind Energy Inc., Glen Dhu Wind Energy Limited Partnership, Fitzpatrick Mountain Wind Energy Inc., Macquarie Long Term Care GP Inc., Chapais Électrique Limitée, the Värmevärden Entities and the Bristol Water Entities;

"**Notice Shares**" means the number of Common Shares set out in a notice of dissent in respect of which a Capstone Shareholder is exercising its Dissent Rights;

"**Obligations**" means certain payment and/or indemnification and reimbursement obligations of the Purchaser under the Arrangement Agreement which the Parent has guaranteed to Capstone on the terms and conditions set forth in the Guarantee;

"**Option Consideration**" means $0.86, being the amount by which the Consideration exceeds the $4.04 exercise price of a Capstone Option;

"**Outside Date**" means May 20, 2016 or such later date as may be agreed to in writing by the Parties or provided for in the Arrangement Agreement, provided that if the Effective Date is not expected to occur by the Outside Date as a result of the failure to satisfy the condition set forth in either Section 6.1(4) of the Arrangement Agreement, then any Party may elect, by notice in writing delivered to the other Parties on or prior to the Outside Date, to extend the Outside Date from time to time by a specified period of not less than five Business Days, provided that in aggregate such extensions shall not exceed 30 days from May 20, 2016; provided further that, notwithstanding the foregoing, a Party shall not be permitted to extend the Outside Date if the failure to satisfy the condition set forth in either Section 6.1(4) of the Arrangement Agreement is primarily the result of such Party's failure to comply with its covenants herein;

"**Parent**" means iCON Infrastructure Partners III, L.P., a limited partnership existing under the laws of England & Wales;

"**Parties**" means, collectively, Capstone and the Purchaser and "**Party**" means any one of them;

"**Person**" includes any individual, partnership, limited partnership, association, body corporate, organization, joint venture, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Petition**" means the Petition for the Final Order;

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form set out in Appendix E, subject to any amendments or variations to such plan made in accordance with the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Capstone and the Purchaser, each acting reasonably;

"**Preferred Shares**" means the cumulative five-year rate reset preferred shares, series A in the capital of Capstone;

"**Proceeding**" means any suit, claim, action, charge, complaint, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, audit, examination or investigation commenced, brought, conducted or heard by or before, any court or other Governmental Entity;

"**PSU**" means performance share units of Capstone issued under the Capstone LTIP;

"**Purchaser**" means Irving Infrastructure Corp., a corporation existing under the laws of the Province of British Columbia;

"**Purchaser Termination Fee**" means a cash payment by the Purchaser to the Capstone of $30,000,000 if the Arrangement Agreement is terminated pursuant to the terms of the Arrangement Agreement under certain circumstances, as more particularly described under the heading "*The Arrangement — The Arrangement Agreement — Purchaser Termination Fee*";

"**RBC**" means RBC Dominion Securities Inc., a member company of RBC Capital Markets;

"**Record Date**" means, in respect of the Capstone Shareholders, the holders of Class B Units and CPC 2017 Debentureholders, the close of business (Toronto time) on January 22, 2016 and, in respect of Capstone 2016 Debentureholders, the close of business (Toronto time) on February 3, 2016, as applicable;

"**Registrar**" means the registrar appointed pursuant to Section 400 of the BCBCA;

"**Regulatory Approvals**" means, any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by law or a Governmental Entity, in each case required under laws to consummate the transactions contemplated by the Arrangement, including the Required Regulatory Approvals;

"**Representative**" means any officer, director, employee, representative (including any financial or other advisor) or agent of Capstone or of any of its Subsidiaries;

"**Required Equity Securityholder Approvals**" means the approval of the Arrangement Resolution by: (i) not less than two-thirds of the votes cast by the Capstone Shareholders present in person or by proxy at the Meetings; and (ii) not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or by proxy at the Meetings;

"**Required Regulatory Approvals**" means the Regulatory Approvals specified in Schedule C of the Arrangement Agreement;

"**Reviewable Transaction**" means a transaction exceeding certain financial thresholds under the Investment Canada Act and which involves the acquisition of control of a Canadian business by a non-Canadian which is subject to review under the Investment Canada Act;

"**RSU**" means restricted share units of Capstone issued under the Capstone LTIP;

"**Sale Process**" has the meaning ascribed thereto in "*The Arrangement — Background to the Arrangement and Reasons for the Recommendations*";

"**Securities**" means, collectively, the Common Shares, the Class B Units and the Debentures;

"**Securities Act**" means the *Securities Act* (Ontario);

"**Securities Authority**" means the applicable securities commission or securities regulatory authority of a province or territory of Canada;

"**Securities Laws**" means the Securities Act and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities;

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 — *Prospectus Exemptions*, except that, with respect to Capstone, the Bristol Water Entities will not be considered Subsidiaries;

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal from an arm's length third party made after the date of the Arrangement Agreement: (i) to acquire 100% of the outstanding Common Shares, or Capstone Assets (including voting or equity securities of its Subsidiaries and/or voting or equity interests in Non-Controlled Entities) representing all or substantially all of the assets of Capstone; (ii) that did not result from or involve a breach of the Arrangement Agreement; (iii) in respect of which the Capstone Board determines in good faith, after receiving the advice of its outside legal counsel and financial advisors, that any required financing to complete such Acquisition Proposal is reasonably likely to be obtained; (iv) that is not subject to a due diligence condition; (v) that the Capstone Board determines in good faith, after receiving the advice of its outside legal counsel and financial advisors, is reasonably capable of completion in accordance with its terms without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; and (vi) in respect of which the Capstone Board determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, that such Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction which is more favourable, from a financial point of view, to Capstone Securityholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(1)(v) of the Arrangement Agreement);

"**Superior Proposal Notice**" means the written notice that may be delivered by Capstone to the Purchaser of the determination of the Capstone Board that an Acquisition Proposal constitutes a Superior Proposal and of the intention of the Capstone Board to enter into such definitive agreement with respect to such Acquisition Proposal;

"**Tax**" or "**Taxes**" will mean (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any

Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**TD**" means TD Securities Inc.;

"**Termination Fee**" means a cash payment by Capstone to the Purchaser as agent for and on behalf of the Parent of $19,000,000 if the Arrangement Agreement is terminated pursuant to the terms of the Arrangement Agreement under certain circumstances, as more particularly described under the heading "*The Arrangement — The Arrangement Agreement — Termination Fee*";

"**Total Shareholder Return**" means the difference, expressed as a percentage, between (i) an initial hypothetical investment of $100 in common shares (of Capstone or of the members of the peer group, as applicable) on the first day of the applicable vesting period (which is expressed as a number of common shares determined by dividing $100 by the market price on the first day of the vesting period, with the number of shares increasing over time to reflect the re-investment of any dividends paid on common shares issued during the vesting period) and (ii) the ending dollar value of the hypothetical investment, which is a product of the number of common shares and the market price of such shares on the last day of the vesting period;

"**Timing Adjustment Payments**" means the payments to be received at the time the Arrangement is completed by officers holding 2013 PSUs, such payments representing the settlement value of the incremental number of 2013 PSUs that would have vested if the Arrangement had been announced prior to December 31, 2015 which would result in the same economic effect as if the 2013 PSUs had vested and settled following the date of announcement of the Arrangement;

"**TSX**" means the Toronto Stock Exchange;

"**Undertaking**" means the confidentiality undertaking with respect to information received by the Parent and the Purchaser regarding CSE Water UK Limited and the Bristol Water Entities entered into by the Parent by deed poll dated October 30, 2015;

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules, regulations and orders promulgated thereunder;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder;

"**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;

"**Värmevärden Entities**" means Sefyr Heat Luxemburg Sárl, Sefyr Värme AB, Värmevärden AB and Värmevärden I Nynashamn AB; and

"**Voting Support Agreements**" means the voting support agreements entered into by each of the Executive Officers and directors of Capstone pursuant to which such Executive Officers and directors have agreed to vote in favour of the Arrangement.

THE ARRANGEMENT

Background to the Arrangement and Reasons for the Recommendations

Background to the Arrangement

The Capstone Board, with the assistance of senior management of Capstone, continually reviews all options available to Capstone to ensure that shareholder value is maximized.

In the spring of 2014, the Capstone Board and Capstone management concluded that the highly competitive environment for infrastructure assets, combined with Capstone's disciplined approach to investing and limited access to capital, was making it challenging for Capstone to execute on growth opportunities. Given this environment, Capstone decided to commence a search for an investor that would make a significant investment in Capstone (a "**Cornerstone Investment**"), as well as partner on acquisition opportunities. The goal was to broaden the base of potential acquisition opportunities and better position Capstone to execute on its strategic plan.

On June 11, 2014, Capstone received an unsolicited written, non-binding proposal to acquire 100% of Capstone in an all-share exchange transaction from a strategic acquiror ("**Party X**"). After receiving legal and financial advice regarding the proposal, the Capstone Board determined that, based on the terms of the proposal, it was not in the best interest of Capstone to pursue such proposal, and Party X was advised of such decision.

Shortly after receipt of the proposal from Party X, the Capstone Board made the decision to formally engage the Financial Advisors to assist with the efforts to solicit prospective investors with respect to a Cornerstone Investment (the "**Cornerstone Process**") and to assess any proposal received through such process against other potential strategic alternatives.

As part of the Cornerstone Process, the Financial Advisors identified and contacted a number of potential investors globally to solicit interest. Several of the parties contacted expressed an interest in evaluating the potential to make a Cornerstone Investment, with a number signing confidentiality agreements and participating in discussions with Capstone management regarding the opportunity. However, among other issues, the lack of an actionable acquisition opportunity for Capstone to serve as a catalyst for such an investment was viewed as an impediment to consummating a Cornerstone Investment.

During the Cornerstone Process, a number of the investors contacted, as well as a number of other parties who were not contacted as part of that process, expressed an interest in acquiring all or portions of Capstone.

On June 3, 2015, as part of the Cornerstone Process, Mr. Michael Bernstein, President & Chief Executive Officer of Capstone, and Mr. Michael Smerdon, Executive Vice President & Chief Financial Officer of Capstone, along with a representative of the Financial Advisors, met with Mr. Paul Malan, the senior partner of iCON. At the meeting, Mr. Malan expressed iCON's interest in Capstone and desire to be considered should an opportunity arise for an investment in Capstone's portfolio of businesses or an opportunity present itself for investment in new opportunities alongside Capstone.

On July 10, 2015, Capstone received the provisional findings from the UK Competition and Markets Authority ("**CMA**") related to its regulatory review of the 2015 to 2020 asset management plan for Capstone's Bristol Water business as determined in December 2014 by Ofwat ("**AMP6**"), the economic regulator for the UK water sector. Although there were some meaningful improvements by the CMA to Ofwat's original determination, certain findings negatively impacted Bristol Water's near-term revenue in favour of building rate base, which would contribute to cash flows in the longer term.

On August 6, 2015, at Party X's request, Mr. Bernstein met with Party X and its financial advisor to discuss Party X's interest in a potential acquisition of Capstone. At that meeting, Party X delivered a verbal, non-binding proposal to acquire 100% of Capstone in an all-share exchange transaction at a substantial premium to the trading price of the Common Shares at that time. Party X's proposal was conditional on entering into exclusive negotiations with Capstone and conducting due diligence.

On August 10, 2015, given the circumstances facing Capstone, including the Capstone Board's view that the intrinsic value of Capstone's assets was not being reflected in Capstone's share price, the Capstone Board convened a meeting with Capstone management, the Financial Advisors and Blake, Cassels & Graydon LLP, legal counsel to Capstone, to review and consider the strategic alternatives available to Capstone, including the possibility of a Cornerstone Investment, an *en bloc* sale of Capstone, or a sale of one or more of Capstone's operating segments. Party X's non-binding proposal was also discussed. Following a presentation from the Financial Advisors and extensive discussion, the Capstone Board directed management to continue to pursue the Cornerstone Process and to pursue, in parallel, a market-sounding process (the "**Sale Process**") to gauge the potential value of Capstone and each of its individual operating segments, as well as the level of interest of potential counterparties in a transaction. The Sale Process was to include further non-exclusive discussions with Party X.

On August 18, 2015, Mr. Bernstein received a telephone call from Mr. Malan of iCON expressing iCON's interest in acquiring 100% of Capstone.

On August 20, 2015, Mr. Bernstein met with Mr. Malan, who presented a non-binding written proposal for the acquisition of 100% of Capstone by an affiliate of iCON, iCON Infrastructure Partners III, L.P., for cash consideration plus an amount of conditional consideration in the form of a contingent value right (a "**CVR**"). As part of the proposal, iCON requested a period of exclusivity in order to provide a final offer. Although iCON's proposal included consideration that reflected a premium to the trading price of the Common Shares at that time, it was determined by the Capstone Board not to be sufficiently attractive to warrant exclusive discussions.

Capstone management and the Financial Advisors identified and, beginning on August 27, 2015, confidentially contacted parties who might be interested in an acquisition of 100% of Capstone or any of its operating segments. Capstone management and the Financial Advisors targeted parties that, in their view, were the most likely buyers and that would ascribe values to Capstone or its operating segments that had the potential to maximize value for Capstone shareholders. The parties contacted included those parties that had previously expressed interest in a transaction involving Capstone as part of the Cornerstone Process or otherwise, including Party X and iCON. A number of additional parties also contacted management or the Financial Advisors expressing interest. As a result of these efforts, a number of parties (including Party X) entered into confidentiality agreements with Capstone and began to conduct due diligence investigations, including receiving a presentation from Capstone management. After being informed that its offer was insufficient and that Capstone had begun to conduct a broader process, iCON elected not to enter into a confidentiality agreement and not to participate in the Sale Process at that time.

On September 29, 2015, Capstone received an improved non-binding written proposal from iCON for the acquisition of 100% of Capstone for increased cash consideration plus an amount of conditional consideration in the form of a CVR. The proposal was conditional on iCON completing due diligence and raised the possibility of iCON executing a confidentiality agreement and participating in the Sale Process. Based on the amount of consideration offered, the status of negotiations regarding a confidentiality agreement and timing considerations, a decision was made not to invite iCON to participate in the Sale Process at that time.

On October 6, 2015, Capstone received the final findings from the CMA related to its regulatory review of AMP6 and the CMA's determinations were largely unchanged from its provisional findings released in July.

On October 19, 2015, a number of interested parties, including Party X, submitted their initial non-binding indicative expressions of interest in purchasing 100% of Capstone or certain of its operating segments as part of the Sale Process (the "**Phase I Proposals**"). The Phase I Proposals were subject to various conditions, including the completion of further due diligence investigations.

On October 20, 2015, the Capstone Board met with Capstone management, the Financial Advisors and legal counsel to discuss the Phase I Proposals and other potential strategic alternatives available to Capstone, including an updated business plan for Capstone on a standalone basis. Following presentations from representatives of the Financial Advisors and management and extensive discussions, the Capstone Board instructed management to continue with the Sale Process and provide the interested parties that had delivered the most attractive Phase I Proposals for 100% of Capstone, including Party X (the "**Phase II Parties**"), with a draft form of arrangement agreement and additional access to information about Capstone, including site visits, to permit them to complete their due diligence investigations and deliver final bids. Select parties that provided the most attractive Phase I Proposals with respect to individual operating segments were provided access to further due diligence materials to refine their views of value.

On October 27, 2015, Capstone received an improved non-binding written proposal from iCON for the acquisition of 100% of Capstone for increased cash consideration with no CVR. The proposal was subject to certain conditions, including the completion of due diligence investigations. Based on this sufficiently attractive proposal and entry into a confidentiality agreement on October 30, 2015, iCON was granted access to documentary due diligence materials, with a view to allowing iCON to participate fully in the Sale Process (including making site visits and engaging in discussions with management) if, based on a review of such diligence materials, iCON could increase the consideration offered such that its proposal compared favourably with the proposals from the Phase II Parties.

On November 9, 2015, during the regularly scheduled meeting of the Capstone Board to approve the financial statements for Capstone's third quarter, Capstone management provided an update on the Sale Process to the Capstone Board, including the status of various interested parties.

Also on November 9, 2015, iCON resubmitted its non-binding proposal with a further increase in the cash consideration offered. The proposal remained subject to certain conditions, including completion of due diligence investigations. Based on this revised proposal, the Capstone Board determined that iCON should be allowed to participate fully in the Sale Process.

On November 20, 2015, Capstone management and the Financial Advisors provided the Capstone Board with an update on the status of the Sale Process, including certain business developments which might impact the price offered by interested parties and timing considerations. At that meeting, the Capstone Board determined to set December 9, 2015 as the deadline for final proposals from interested parties.

On November 23, 2015, following the publishing of a news article suggesting that Capstone had hired the Financial Advisors to explore a sale of the company, and in response to a request from the Investment Industry Regulatory Organization (on behalf of the TSX) as a result of increased trading volumes, Capstone issued a press release confirming that Capstone had hired the Financial Advisors to consider various alternatives available to Capstone. Following this release, a number of new parties contacted Capstone or the Financial Advisors for additional information. In the view of Capstone management and the Financial Advisors, none of such parties were believed to be able to provide a more attractive proposal relative to the participants in the Sale Process.

On December 9, 2015, Capstone received final non-binding proposals from interested parties (the "**Phase II Proposals**"), including proposals from iCON and Party X relating to the acquisition of 100% of the Common Shares and Class B Units. iCON's proposal included a decrease in total consideration from its prior proposal on November 9, 2015 with a reduction in the cash consideration which was partially offset by additional conditional consideration in the form of a CVR. With its proposal, iCON submitted a detailed issues list with respect to the form of arrangement agreement provided and noted that its due diligence investigations were substantially complete. Party X's proposal was for an all-share exchange transaction valued at an amount lower than its Phase I Proposal, but still representing a substantial premium over the trading price of the Common Shares and a higher implied value than the iCON proposal. With its proposal Party X submitted detailed comments on the arrangement agreement and confirmed that it only had limited confirmatory due diligence remaining. Both proposals contemplated that the Preferred Shares would remain outstanding and that offers would be made to holders of Debentures on substantially the same terms. Both proposals remained subject to conditions, including completion of confirmatory due diligence. Party X communicated to Capstone that if its Phase II Proposal was selected, it would require Capstone to enter into exclusive negotiations with it for a period of time as a condition to continuing with the process.

On December 11, 2015, a meeting of the Capstone Board was held to review the Phase II Proposals. After a presentation from representatives of the Financial Advisors and extensive discussion, including a discussion of the merits of an *en bloc* transaction versus a sale of individual operating segments, the Capstone Board determined that the iCON and Party X proposals were superior to the other Phase II Proposals received and instructed the Financial Advisors to contact both iCON and Party X to obtain additional information regarding their respective proposals and request possible amendments thereto.

On December 12, 2015, the Capstone Board reconvened to receive a report from the Financial Advisors regarding their discussions with iCON and Party X. The Financial Advisors advised that both parties had confirmed their previous offers and provided clarity on certain matters. Based on these confirmations, the Financial Advisors and Capstone management both advised the Capstone Board that, in their respective views, proceeding to exclusive negotiations with Party X was the best way to maximise shareholder value due, in part, to the higher implied value

offered by Party X, the sufficient liquidity of Party X's shares being offered as consideration and the potential for Capstone's shareholders to benefit from a tax rollover outweighing the certainty of value of iCON's cash offer, among other reasons. After a lengthy discussion regarding the proposals from iCON and Party X, including the timing and execution risk of each, the Capstone Board unanimously authorized Capstone management to pursue an exclusivity agreement with Party X.

On December 15, 2015, while negotiations regarding an exclusivity agreement were underway with Party X, iCON indicated to Capstone that it might be prepared to amend its Phase II Proposal by replacing the CVR component with cash consideration, resulting in an all-cash proposal, but the total value of iCON's proposal remained lower than the implied value of the proposal by Party X.

On December 16, 2015, a meeting of the Capstone Board was held and Capstone management informed the Capstone Board of iCON's potential revision to its Phase II Proposal. After discussion among the Capstone Board, Capstone management and the Financial Advisors, it was unanimously determined by the Capstone Board that proceeding to exclusive negotiations with Party X was still in the best interest of Capstone and its securityholders for the reasons discussed at the December 12, 2015 meeting.

On December 17, 2015, Capstone entered into an exclusivity agreement with Party X wherein Capstone agreed to negotiate with Party X exclusively until January 8, 2016.

During the period from December 17, 2015 to January 8, 2016, Capstone management, the Financial Advisors and Capstone's legal counsel engaged in further discussions with management of Party X, representatives of its financial advisor and its legal counsel in an effort to negotiate the terms and conditions of an arrangement agreement. During that time, Party X continued its due diligence investigations of Capstone and Capstone completed its due diligence investigations of Party X.

Prior to the expiry of the exclusivity agreement on January 8, 2016, Party X requested an extension of the exclusivity period to allow the parties to finalize due diligence and continue negotiating definitive documentation. The Capstone Board agreed to consider an extension of exclusivity provided that Party X confirmed its offer price and that its due diligence was complete. Party X indicated to the Financial Advisors that, based on its due diligence investigations, it would be decreasing the amount of consideration offered per Common Share and Class B Unit, but the exact amount of the decrease was not communicated.

Given the indications that the consideration offered by Party X would be decreasing, the fact that Party X's due diligence investigations had not yet been completed, and based on the ongoing negotiation of definitive documentation, the Capstone Board decided not to extend the exclusivity period with Party X. It was decided by the Capstone Board that, while Capstone would continue negotiating with Party X, iCON should be contacted following the expiry of the exclusivity period with Party X to determine if iCON remained interested in pursuing a transaction.

On January 9, 2016, following expiry of the exclusivity period with Party X, Mr. Bernstein contacted Mr. Malan to determine whether iCON would be interested in reengaging in discussions. Mr. Malan confirmed that iCON would be interested in proceeding with discussions and undertook to provide a new proposal within a few days, following confirmatory due diligence regarding changes that had occurred since the submission of iCON's Phase II Proposal.

From January 9, 2016 to January 13, 2016, Capstone, the Financial Advisors and Capstone's legal counsel engaged in discussions with both iCON and Party X and their respective advisors regarding the provision of revised proposals from each party.

On January 13, 2016, both Party X and iCON submitted revised proposals. Party X's proposal provided for all-share consideration at a reduced implied value and contemplated limited price protection should the value of Party X's shares increase or decrease by no more than a certain amount. iCON's proposal provided for an all-cash transaction of $4.90 per Common Share and Class B Unit, which was an increase in the overall consideration offered in its Phase II Proposal. Both proposals contemplated that the Preferred Shares would remain outstanding and that offers would be made to holders of Debentures on substantially the same terms. iCON's proposal was conditional on Capstone entering into an exclusivity agreement with iCON.

Later on January 13, 2016, the Capstone Board met with Capstone management, the Financial Advisors and legal counsel to assess the iCON and Party X proposals. Capstone management and the Financial Advisors summarised the two offers for the Capstone Board and their respective merits and risks. After extensive discussions regarding the merits and risks of each proposal, including the effects on its various stakeholders, and receiving the recommendations of management and the Financial Advisors, the Capstone Board unanimously determined that the iCON proposal was superior to the Party X proposal given, among other things, the higher value offered by iCON, the certainty of value of iCON's cash consideration offer compared to Party X's share consideration offer and the perceived lower execution risk of the iCON proposal. The Capstone Board then unanimously approved entering into an exclusivity agreement with iCON.

Later on January 13, 2016, Capstone entered into an exclusivity agreement with iCON that provided for exclusive negotiations between Capstone and iCON until January 18, 2016, with an automatic extension until January 22, 2016 if definitive documentation was not settled by January 18, 2016, provided that iCON confirmed its price at that time and was negotiating in good faith.

From January 13, 2016 until January 18, 2016, Capstone management, the Financial Advisors and Capstone's legal counsel engaged in further discussions with management of iCON, its financial advisor and its legal counsel in an effort to negotiate the terms and conditions of the Arrangement Agreement, the Parent Guarantee and the Voting Support Agreements.

On January 18, 2016, Mr. Malan confirmed iCON's offer price to Mr. Bernstein and, with both sides agreeing that iCON was working in good faith to complete definitive documentation, the exclusivity period was automatically extended to January 22, 2016 and the negotiation of definitive documentation continued.

A meeting of the Capstone Board was convened early on the morning of January 20, 2016 to permit the directors to consider the final form of Arrangement Agreement and related matters and, if thought fit, approve the same. At the meeting, Capstone's legal counsel provided a summary of the key terms of the Arrangement Agreement, a draft of which had been circulated to the Capstone Board members previously, and the Financial Advisors each provided the Capstone Board with its oral opinion that the consideration to be received by each of the Common Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is fair, from a financial point of view, to the Common Shareholders, the Capstone 2016 Debentureholders and CPC 2017 Debentureholders, respectively. After duly considering the financial aspects and other considerations relating to the Arrangement, including the terms of the proposed Arrangement Agreement, the Debt Commitment Letter, the Equity Commitment Letter and the Parent Guarantee; the potential impact of the Arrangement on Capstone, its Subsidiaries, Common Shareholders, holders of Class B Units, holders of Preferred Shares, Capstone 2016 Debentureholders, CPC 2017 Debentureholders, holders of Incentive Securities and the employees of Capstone; the advice of the Financial Advisors; its duties and responsibilities to Common Shareholders, holders of Class B Units, holders of Preferred Shares, Capstone 2016 Debentureholders, CPC 2017 Debentureholders, holders of Incentive Securities, the employees of Capstone and other stakeholders; and other matters considered relevant, the Capstone Board determined that the Arrangement was in the best interests of Capstone and unanimously resolved to (i) approve the Arrangement Agreement and related documentation and (ii) recommend that the Common Shareholders, the holders of Class B Units, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders vote in favour of the Arrangement at the Meetings.

The Arrangement Agreement, Voting Support Agreements, Parent Guarantee, Equity Commitment Letter and Debt Commitment Letter were executed and delivered early on the morning of January 20, 2016. A joint news release announcing the proposed transaction was disseminated by Capstone and iCON later that morning.

Reasons for the Capstone Board Recommendations

Following receipt of advice and assistance of the Financial Advisors and legal counsel, the Capstone Board carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of Capstone; (ii) determined, based upon, among other things, the Fairness Opinions of the Financial Advisors, that the consideration to be received under the Arrangement by each of the Common Shareholders, the holders of Class B Units, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is fair from a financial point of view to such securityholders, respectively; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Common Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders vote **FOR** the Arrangement.

In reaching these determinations and approvals, the Capstone Board considered, among other things, the following factors, potential benefits and risks of the Arrangement and also the elements of the Arrangement which provide protection to the Capstone Securityholders:

- *Significant Premium*. The value of the consideration offered to Common Shareholders and holders of Class B Units under the Arrangement represented a premium of approximately 44% to the closing price of the Common Shares of $3.40 on January 19, 2016, and a premium of approximately 61% to the closing price of the Common Shares of $3.05 on the trading day prior to the November 23, 2015 announcement by Capstone that Capstone was undertaking a strategic review process.

- *All Cash Consideration*. The consideration to be paid to Common Shareholders and holders of Class B Units pursuant to the Arrangement will be cash, which provides certainty of value at a significant premium, as described above.

- *Fairness Opinions*. The Financial Advisors each provided an opinion that, as of January 20, 2016, and subject to the scope of review, assumptions and limitations set forth in their respective opinions, the consideration to be received by each of the Common Shareholders, Capstone 2016 Debentureholders and CPC 2017 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Common Shareholders, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders, respectively.

- *Extensive Process*. The Arrangement is the result of an active and extensive review process conducted under the supervision of the Capstone Board, which received advice from the Financial Advisors and legal counsel during the course of the process.

- *Superior Alternative*. The Capstone Board concluded that the value offered to Common Shareholders and holders of Class B Units under the Arrangement is more favourable than (i) the value that might have been realized through pursuing Capstone's current business plan given the Capstone Board's assessment of market conditions, including the profile of Capstone's portfolio and the preferences of its current shareholder base and (ii) proposals previously received from, and prior discussions with, third parties with respect to various business transactions involving Capstone.

- *Shareholder Approval Required*. The Arrangement must be approved by at least two-thirds of the votes cast at the Meeting by (i) the Common Shareholders present in person or represented by proxy at the Meeting and (ii) the Common Shareholders and holders of Class B Units present in person or represented by proxy at the Meeting, voting together as a single class.

- *Arrangement Not Conditional on Approval by Holders of Debentures*. While the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will be provided a vote in respect of the Arrangement, the Arrangement is not conditional on approval by holders of the Debentures, and if the required approvals of the holders of the 2016 Debentures or the 2017 Debentures is not obtained, such class of Debentures will remain outstanding pursuant to their terms.

- *Treatment of Capstone 2016 Debentures if not Participating in Arrangement*. Following the Effective Time, in the event that the Capstone 2016 Debentures remain outstanding, the Capstone 2016 Debentures will be redeemable for 100% of their principal amount (plus accrued and unpaid interest) on at least 30 days' notice, with holders having the right to require Capstone to repurchase their debentures on the date that is 30 days from the date a change of control notice is delivered for 101% of the principal amount thereof (plus accrued and unpaid interest), which is the same consideration offered under the Arrangement.

- *Treatment of CPC 2017 Debentures if not Participating in Arrangement*. Following the Effective Time, in the event that the CPC 2017 Debentures remain outstanding, the CPC 2017 Debenture Indenture provides that (i) CPC will be required to make an offer to CPC 2017 Debentureholders which remain outstanding to purchase their CPC 2017 Debentures for cash consideration equal to 101% of the principal amount thereof (plus accrued and unpaid interest) within 30 days of notice of the

change of control being provided and (ii) holders of CPC 2017 Debentures who exercise their conversion rights during the 10 days prior to, or the 30 days after, the Effective Date will be entitled to convert at a discounted cash change of control conversion price based on a formula set out in the CPC 2017 Debenture Indenture. If a CPC 2017 Debentureholder were to convert its CPC 2017 Debentures based on the discounted cash change of control conversion price under the indenture following the Effective Time, such holder would receive the same consideration upon conversion as that holder would receive under the Arrangement (with the exception of the amount of accrued and unpaid interest between the date of computation of the Arrangement and the date of the conversion, which will differ based on the timing of such conversion).

- *Preferred Shares Remain Outstanding*. Following the Effective Time, the Preferred Shares will remain outstanding on their terms and Capstone will continue to be a reporting issuer under Canadian securities laws.

- *Treatment of Capstone Options*. The sole holder of Capstone Options provided written consent to the treatment of such Capstone Options pursuant to the Arrangement.

- *Determination of Fairness by the Court*. The Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Common Shareholders and holders of Class B Units, as well as to the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders if they approve participating in the Arrangement.

- *Dissent Rights*. The Common Shareholders will be granted the right to dissent with respect to the Arrangement and be paid the fair value of their Common Shares.

- *Arrangement Agreement Terms*. The terms and conditions of the Arrangement Agreement are, in the judgment of the Capstone Board following consultations with its advisors, reasonable and were the result of extensive negotiations between Capstone and the Purchaser and their respective advisors.

- *Limited Conditions to Closing*. The Purchaser's obligation to complete the Arrangement is subject to a limited number of conditions that the Capstone Board believes are reasonable in the circumstances and the completion of the Arrangement is not subject to any financing condition.

- *Ability to Accept a Superior Proposal*. Under the Arrangement Agreement the Capstone Board retains the ability to consider and respond to Superior Proposals prior to the Meeting on the specific terms and conditions set forth in the Arrangement Agreement, including the payment of a $19 million termination fee by Capstone to the Purchaser if such a proposal is accepted.

- *Reverse Termination Fee*. The Purchaser has agreed to pay Capstone a termination fee of $30 million if the Arrangement is not completed under certain circumstances, which obligation is guaranteed by Parent.

- *Financing Risk*. There is a risk that conditions set forth in the Debt Commitment Letter or the Equity Commitment Letter will not be satisfied or that other events arise which would prevent the Purchaser from consummating the Arrangement, which risk may be mitigated by the Purchaser Termination Fee.

- *Risks to Capstone's Business of Non-Completion*. There are risks to Capstone if, having been announced, the Arrangement is not completed, including the costs incurred in proceeding towards completion of the Arrangement and the diversion of management's attention away from the conduct of Capstone's business in connection with proceeding with completion of the Arrangement.

This discussion of the information and factors considered and given weight to by the Capstone Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Arrangement Resolution, the Capstone Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

Reasons for the CPC Board Recommendation

The board of directors of CPC carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of CPC; (ii) determined, based upon, among other things, the Fairness Opinions of the Financial Advisors received by the Capstone Board and the Board Recommendation, that the consideration to be received under the Arrangement by the CPC 2017 Debentureholders is fair from a financial point of view to such securityholders; and (iii) resolved to recommend that CPC 2017 Debentureholders vote FOR the Arrangement Resolution.

Recommendation of the Capstone Board

The Capstone Board has unanimously determined that the Arrangement is in the best interests of Capstone and has unanimously approved the Arrangement and recommends that you vote FOR the Arrangement Resolution.

Recommendation of the Board of Directors of CPC

The board of directors at CPC has unanimously determined that the Arrangement is in the best interests of CPC and has unanimously approved the Arrangement and recommends that CPC 2017 Debentureholders vote FOR the Arrangement Resolution.

Fairness Opinions

In deciding to approve the Arrangement, the Capstone Board considered, among other things, the Fairness Opinions of the Financial Advisors.

RBC

The Capstone Board received an opinion from RBC that, as of January 20, 2016 and subject to the scope of review, assumptions and limitations set forth therein, (i) the consideration to be received by the Capstone Shareholders under the Arrangement is fair, from a financial point of view, to the Capstone Shareholders; (ii) the consideration to be received by the Capstone 2016 Debentureholders under the Arrangement is fair, from a financial point of view, to the Capstone 2016 Debentureholders; and (iii) the consideration to be received by the CPC 2017 Debentureholders under the Arrangement is fair, from a financial point of view, to the CPC 2017 Debentureholders.

The full text of the Fairness Opinion of RBC dated January 20, 2016, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such Fairness Opinion, is attached in Appendix F. This summary is qualified in its entirety by reference to the full text of such Fairness Opinion. RBC provided its opinion for the information and assistance of the Capstone Board in connection with its consideration of the Arrangement. The Fairness Opinion of RBC is not a recommendation as to how any Capstone Shareholder, holder of Class B Units, Capstone 2016 Debentureholder or CPC 2017 Debentureholder should vote with respect to the Arrangement or any other matter.

RBC was engaged by Capstone as a financial advisor effective June 20, 2014 to provide the Capstone Board with various financial advisory and investment banking services. Pursuant to the terms of its engagement agreement with Capstone, RBC is to be paid fees for its services as financial advisor (including a fee for the delivery of its Fairness Opinion and fees that are contingent on completion of the Arrangement). Capstone has also agreed to reimburse RBC for reasonable out-of-pocket expenses and to indemnify RBC against certain liabilities.

The Fairness Opinion of RBC represents the opinion of RBC and the form and content of the Fairness Opinion of RBC have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

TD

The Capstone Board received an opinion from TD that, as of January 20, 2016 and subject to the scope of review, assumptions and limitations set forth therein, (i) the consideration to be received by the Capstone Shareholders

pursuant to the Arrangement is fair, from a financial point of view, to the Capstone Shareholders; (ii) the consideration to be received by the Capstone 2016 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Capstone 2016 Debentureholders; and (iii) the consideration to be received by the CPC 2017 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the CPC 2017 Debentureholders.

The full text of the Fairness Opinion of TD dated January 20, 2016, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such Fairness Opinion, is attached in Appendix F. This summary is qualified in its entirety by reference to the full text of such Fairness Opinion. TD provided its opinion for the information and assistance of the Capstone Board in connection with its consideration of the Arrangement. The Fairness Opinion of TD is not a recommendation as to how any Capstone Shareholder, holder of Class B Units, Capstone 2016 Debentureholder or CPC 2017 Debentureholder should vote with respect to the Arrangement or any other matter.

TD was engaged by Capstone as a financial advisor effective July 10, 2014 to provide the Capstone Board with various financial advisory and investment banking services. Pursuant to the terms of its engagement agreement with Capstone, TD is to be paid fees for its services as financial advisor (a portion of which is payable upon (i) signing their engagement agreement; (ii) delivery of their Fairness Opinion; (iii) public announcement by Capstone that the Capstone Board has recommended that Capstone Securityholders approve the Arrangement; and (iv) closing). Capstone has also agreed to reimburse TD for reasonable out-of-pocket expenses and to indemnify it, in certain circumstances, against certain liabilities.

The Fairness Opinion of TD represents the opinion of TD and the form and content of the Fairness Opinion of TD have been approved for release by a committee of its senior investment banking professionals, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

Arrangement Mechanics

The Arrangement

The Arrangement will be implemented by way of a court approved plan of arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement. The following procedural steps must be taken in order for the Arrangement to become effective:

(i) the Arrangement must be approved by the Capstone Securityholders in the manner set forth in the Interim Order;

(ii) the Court must grant the Final Order approving the Arrangement;

(iii) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

(iv) if applicable, the Final Order, the Arrangement Records and related documents, in the form prescribed by the BCBCA, must be filed with the Registrar.

Arrangement Steps

The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date, if all conditions to the implementation of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Appendix E to this Information Circular:

(i) certain steps will be taken to amalgamate Capstone's Subsidiaries, MUEL and MUC, to form MUC Amalco;

(ii) certain steps will be taken to amalgamate Capstone with MUC Amalco;

(iii) simultaneously:

(a) each Capstone Option issued and outstanding immediately prior to the Effective Time, of which all are vested, will be transferred by the holder thereof to Capstone, free and clear of all Liens, and each such Capstone Option will be cancelled in exchange for the payment by Capstone of the Option Consideration, less any applicable Taxes required to be withheld with respect to such payment, to the holder thereof (without interest) as soon as reasonably practicable after such time; and

(b) (A) any vesting conditions applicable to each RSU, PSU or DSU shall, automatically and without any required action on the part of the holder thereof, accelerate in full (with PSUs and DSUs (PSU) vesting using a performance multiplier of 1.0), and (B) each such RSU, PSU and DSU shall, automatically and without any required action on the part of the holder thereof, be cancelled and shall only entitle the holder of each such RSU, PSU or DSU to receive (without interest), as soon as reasonably practicable after such time, an amount in cash from Capstone equal to the Consideration, less any applicable Taxes required to be withheld with respect to such payment;

(iv) each outstanding Class B Unit will be transferred to, and acquired by the Purchaser, free and clear of all Liens, in exchange for the right to receive the Consideration from the Purchaser;

(v) each Class B Unit acquired by the Purchaser under the above Section (iv) will be exchanged with Capstone for one newly issued Common Share, and the Class B Units then held by Capstone will be converted into Class A limited partnership units of MPT LTC Holding LP;

(vi) each Common Share held by a Dissenting Holder will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to the Purchaser and summarized in "*Dissenting Capstone Shareholder Rights*";

(vii) provided the CPC 2017 Debentureholder Approval is obtained at the Meetings in accordance with the terms of the Interim Order:

(a) CPC will direct Capstone to, and Capstone will (A) issue to holders of the CPC 2017 Debentures that number of Common Shares equal to the CPC 2017 Debenture Conversion Ratio for every $1,000 of principal amount of the CPC 2017 Debentures; (B) pay to holders of the CPC 2017 Debentures $0.76923 for every $1,000 of principal amount of the CPC 2017 Debentures and (C) pay to CPC 2017 Debentureholders any accrued and unpaid interest thereon up to and including the Effective Date (together with (B), the "**CPC Cash Payment**"), all in satisfaction of all obligations of CPC under the CPC 2017 Debentures, and upon such issuance of such Common Shares and payment of the CPC Cash Payment, the CPC 2017 Debentures will be cancelled; and

(b) as consideration for Capstone issuing the number of Common Shares as described in Section (vii)(a), above, (the "**Aggregate Conversion Number**") and paying the CPC Cash Payment, CPC will issue to Capstone, for an aggregate issue price equal to the total of the CPC Cash Payment plus the product obtained when the Aggregate Conversion Number is multiplied by the Consideration, that number of common shares of CPC that have a fair market value equal to such aggregate issue price;

(viii) each outstanding Common Share not already held by the Purchaser will be transferred to, and acquired by the Purchaser from Capstone Shareholders, free and clear of all Liens, in exchange for the right to receive the Consideration;

(ix) the board of directors of CPC will resign and be replaced with the Persons designated by the Purchaser, in its sole discretion, prior to the Effective Date, consisting of between three and seven Persons;

(x) provided the Capstone 2016 Debentureholder Approval is obtained at the Meetings in accordance with the terms of the Interim Order, Capstone will redeem all of the Capstone 2016 Debentures and the holders of such debentures will have the right to receive the Capstone 2016 Debenture Consideration and upon such redemption each of the Capstone 2016 Debentures will be cancelled;

(xi) the notice of articles of Capstone will be amended to create a new class of Class A shares (the "**New Common Shares**") without par value, and the articles of Capstone will be amended by adding the special rights or restrictions attached to the New Common Shares set out in Exhibit A to the Plan of Arrangement;

(xii) all Common Shares held by the Purchaser will be purchased by Capstone for cancellation in exchange for:

(a) the issuance by Capstone to the Purchaser of a demand interest-free promissory note with an aggregate principal amount equal to the product obtained when the Aggregate Conversion Number is multiplied by the Consideration (the "**CPC Exchange Consideration**");

(b) the issuance by Capstone to the Purchaser of a demand interest-free note with an aggregate principal amount equal to 66% of the amount by which the aggregate Consideration payable by the Purchaser under Sections (v) and (viii), above, exceeds the principal amount of the promissory note issued in Section (xii)(a), above; and

(c) the issuance by Capstone to the Purchaser of a number of New Common Shares equal to the number of Common Shares previously held, for an aggregate issue price equal to the amount by which the total Consideration payable by the Purchaser hereunder exceeds the aggregate principal amount of the promissory notes issued in Sections (xii)(a) and (b), above, which aggregate issue price shall be added to the capital of Capstone for the New Common Shares, and the Purchaser shall be deemed the holder of such New Common Shares so issued and the Purchaser will be removed from the securities register of Capstone in respect of such Common Shares at such time and be added to the securities register of Capstone in respect of such New Common Shares at such time.

Notwithstanding anything else in the Plan of Arrangement, in circumstances where Capstone 2016 Debentureholder Approval is not obtained in accordance with the terms of the Interim Order, the Arrangement shall proceed but Section (x) above, and all references in the Plan of Arrangement to the Capstone 2016 Debentures and all ancillary references thereto, shall be, and be deemed to be, deleted from the Plan of Arrangement.

Notwithstanding anything else in the Plan of Arrangement, in circumstances where the CPC 2017 Debentureholder Approval is not obtained in accordance with the terms of the Interim Order, the Arrangement shall proceed but Section (vii) above, and all other references in the Plan of Arrangement to the CPC 2017 Debentures and all ancillary references thereto, shall be, and be deemed to be, deleted from the Plan of Arrangement.

Debentures

Effect on Capstone 2016 Debentures if Capstone 2016 Debentureholder Approval is Obtained

If the Capstone 2016 Debentureholder Approval is obtained and the Arrangement is completed, the Capstone 2016 Debentures will be redeemed by Capstone as part of the Arrangement in exchange for the Capstone 2016 Debenture Consideration. The Capstone 2016 Debenture Consideration to be received by the Capstone 2016 Debentureholders will be the same amount, in respect of principal, as the Capstone 2016 Debentureholders would be entitled to receive upon exercising their right to cause Capstone to repurchase their Capstone 2016 Debentures following a change of control at a price equal to 101% of the principal amount of such Capstone 2016 Debentures. The Capstone 2016 Debenture Consideration to be received by the Capstone 2016 Debentureholders will be greater than the amount, in respect of principal, that the Capstone 2016 Debentureholders would be entitled to receive if Capstone exercised its right to redeem Capstone 2016 Debentures at a price equal to 100% of the principal amount thereof. The consideration to be received by the Capstone 2016 Debentureholders will also include the accrued and unpaid

interest up to and including the Effective Date. See "*Effect on Capstone 2016 Debentures if Capstone 2016 Debentureholder Approval is not Obtained*" below.

In the event that the approval of Capstone 2016 Debentureholders is obtained, it will not be necessary for Capstone 2016 Debentureholders to convert their Capstone 2016 Debentures in order to participate in the Arrangement. However, Capstone 2016 Debentureholders who wish to convert their Capstone 2016 Debentures into Common Shares prior to the Effective Date at the conversion price set out in the Capstone 2016 Debenture Indenture (which is currently $7.00 per Common Share) must provide Computershare Trust Company of Canada (the "**Capstone 2016 Debenture Trustee**"), the trustee under the Capstone 2016 Debenture Indenture, with the documents required pursuant to the terms of the Capstone 2016 Debenture Indenture to effect such conversion in sufficient time to allow the Capstone 2016 Debenture Trustee sufficient time to properly effect such conversion. In the event that any such documents are not provided, or are not provided in a timely manner, and the Capstone 2016 Debenture Trustee does not receive the documents required pursuant to the terms of the Capstone 2016 Debenture Indenture, the Capstone 2016 Debenture Trustee will be unable to process the conversion of the Capstone 2016 Debentures prior to the Effective Date of the Arrangement and such Capstone 2016 Debentures will participate or not participate, as the case may be, in the Arrangement along with all of the other Capstone 2016 Debentures. Furthermore, the Capstone 2016 Debenture Indenture provides that the registers of the Capstone 2016 Debentures are closed during the period between the record date for payment of interest and the interest payment date in respect of the Capstone 2016 Debentures and the Capstone 2016 Debenture Trustee will not effect the conversion of the Capstone 2016 Debentures into Common Shares during such periods; however, such restriction on conversion would not apply to the conversion of the Capstone 2016 Debentures pursuant to the Arrangement if the Capstone 2016 Debentureholder Approval is obtained. The next interest payment date in respect of the Capstone 2016 Debentures is June 30, 2016 and the corresponding record date for payment of interest is June 15, 2016.

Effect on Capstone 2016 Debentures if Capstone 2016 Debentureholder Approval is not Obtained

If the Capstone 2016 Debentureholder Approval is not obtained at the Meetings, the Capstone 2016 Debentures will be excluded from the Arrangement and will remain outstanding following completion of the Arrangement on their terms.

Under the terms of the Capstone 2016 Debenture Indenture, the Capstone 2016 Debentures may be redeemed on at least 30 days' notice (but not more than 60 days' notice) at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest from and including the latest interest payment date up to, but excluding, the redemption date.

Under the terms of the Capstone 2016 Debenture Indenture, Capstone 2016 Debentureholders will be entitled to require Capstone to purchase their Capstone 2016 Debentures for cash consideration equal to 101% of the principal amount thereof, plus accrued and unpaid interest up to and including the date prior to the purchase. The purchase would be made on the date that is 30 days following delivery of a change of control notice by the Capstone 2016 Debenture Trustee. To require such purchase by Capstone, Capstone 2016 Debentureholders would have to deliver notice to the Capstone 2016 Debenture Trustee not less than five business days prior to the purchase date specified in the change of control notice.

Holders of Capstone 2016 Debentures which remain outstanding following the Effective Date who exercise their conversion rights under the Capstone 2016 Debentures after the Effective Date will be entitled to receive only cash. After the Effective Date, holders of any Capstone 2016 Debentures which remain outstanding who exercise their conversion rights will receive, rather than Common Shares, the amount of cash equal to the amount that they would have been entitled to receive had they been the registered holder of the applicable number of Common Shares on the Effective Date, together with accrued and unpaid interest to the date of conversion.

Effect on CPC 2017 Debentures if CPC 2017 Debentureholder Approval is Obtained

If the CPC 2017 Debentureholder Approval is obtained and the Arrangement is completed, the CPC 2017 Debentures will be converted into Common Shares based on the Cash Change of Control Conversion Price and such Common Shares will be acquired by the Purchaser as part of the Arrangement. The consideration to be received by the CPC 2017 Debentureholders will be the same amount, in respect of principal, as the holders would be entitled to receive upon conversion at the discounted cash change of control conversion price set out in the CPC 2017

Debenture Indenture following the Effective Date. The consideration to be received by the CPC 2017 Debentureholders pursuant to the Arrangement will also include $0.76923 for every $1,000 of principal amount and any accrued and unpaid interest thereon up to and including the Effective Date. See "*Effect on CPC 2017 Debentures if CPC 2017 Debentureholder Approval is not Obtained*" below.

In the event that the approval of CPC 2017 Debentureholders is obtained, it will not be necessary for CPC 2017 Debentureholders to convert their CPC 2017 Debentures in order to participate in the Arrangement. However, CPC 2017 Debentureholders who wish to convert their CPC 2017 Debentureholders into Common Shares prior to the Effective Date must provide Equity Financial Trust Company (the "**CPC 2017 Debenture Trustee**"), the trustee under the CPC 2017 Debenture Indenture, with the documents required pursuant to the terms of the CPC 2017 Debenture Indenture to effect such conversion in sufficient time to allow the CPC 2017 Debenture Trustee sufficient time to properly effect such conversion. In the event that any such documents are not provided, or are not provided in a timely manner, and the CPC 2017 Debenture Trustee does not receive the documents required pursuant to the terms of the CPC 2017 Debenture Indenture, the CPC 2017 Debenture Trustee will be unable to process the conversion of the CPC 2017 Debentures prior to the Effective Date of the Arrangement and such CPC 2017 Debentures will participate or not participate, as the case may be, in the Arrangement along with all of the other CPC 2017 Debentures. Furthermore, the CPC 2017 Debenture Indenture provides that the registers of the CPC 2017 Debentures are closed 10 business days prior to an interest payment date in respect of the CPC 2017 Debentures and the CPC 2017 Debenture Trustee will not affect the conversion of the Debentures into Common Shares during such periods; however, such restriction on conversion would not apply to the conversion of the CPC 2017 Debentures pursuant to the Arrangement if the CPC 2017 Debentureholder Approval is obtained. The next interest payment date in respect of the CPC 2017 Debentures is June 30, 2016 and the corresponding record date for payment of interest is June 15, 2016.

Effect on CPC 2017 Debentures if CPC 2017 Debentureholder Approval is not Obtained

If the CPC 2017 Debentureholder Approval is not obtained, the CPC 2017 Debentures will be excluded from the Arrangement and will remain outstanding following completion of the Arrangement on their terms.

Under the terms of the CPC 2017 Debenture Indenture, CPC will be required to make, within 30 days following the Effective Date, an offer to holders of CPC 2017 Debentures which remain outstanding following the Effective Date to purchase the CPC 2017 Debentures for cash consideration equal to 101% of the principal amount thereof, plus accrued and unpaid interest.

Holders of CPC 2017 Debentures which remain outstanding following the Effective Date who exercise their conversion rights under the CPC 2017 Debentures after the Effective Date will be entitled to receive only cash. After the Effective Date, holders of CPC 2017 Debentures which remain outstanding following the Effective Date who exercise the conversion rights during the Cash Change of Control Conversion Period will receive the amount of cash equal to the amount that they would have been entitled to receive if they had been the registered holders of the applicable number of Common Shares on the Effective Date following the conversion at the discounted cash change of control conversion price set out in the CPC 2017 Debenture Indenture together with accrued interest to the date of conversion.

CPC 2017 Debentureholders who exercise the conversion rights after the Cash Change of Control Conversion Period has ended will receive the amount of cash which they would have been entitled to receive if they had been the registered holders of the applicable number of Common Shares on the Effective Date following conversion at the regular conversion price under the CPC 2017 Debenture Indenture (which is currently $5.00 per Common Share), together with accrued and unpaid interest up to, but excluding, the date of conversion. Any CPC 2017 Debentures in respect of which the conversion right is exercised after the Cash Change of Control Conversion Period will not be entitled to any payment in respect of the excess Common Shares into which CPC 2017 Debentures may have been converted at the discounted cash change of control conversion price set out in the CPC 2017 Debenture Indenture.

Preferred Shares

The Preferred Shares are not subject to the Arrangement and accordingly will remain outstanding on their terms following completion of the Arrangement. The Arrangement will not change the terms of the Preferred Shares and holders of Preferred Shares will continue to be entitled to receive fixed, cumulative, preferential cash dividends, if,

as and when declared by the Capstone Board, payable quarterly in an amount of $0.3125 per share, subject to the reset of the dividend rate in accordance with their terms for the five-year period commencing on July 31, 2016 and subsequent five-year periods. Capstone will continue to be a reporting issuer (or its equivalent) in all provinces and territories of Canada and, following completion of the Arrangement, will continue to be subject to the applicable Canadian Securities Laws of such provinces and territories. The Preferred Shares are listed on the TSX and such listing will not be affected by the Arrangement.

RSUs, PSUs, DSUs and Capstone Options

In connection with the Arrangement, any vesting conditions applicable to each RSU, PSU or DSU shall automatically accelerate in full (with PSUs and DSUs (PSU) vesting using a performance multiplier of 1.0) and all outstanding RSUs, PSUs and DSUs immediately prior to the Effective Time shall automatically be cancelled in exchange for a payment by Capstone of an amount in cash equal to the Consideration (without interest).

Each Capstone Option issued and outstanding immediately prior to the Effective Time, of which all are vested, will be transferred by the holder thereof to Capstone in exchange for the payment by Capstone of the Option Consideration to the holder of the Capstone Option, less any applicable Taxes required to be withheld with respect to such payment and without interest. The sole holder of Capstone Options has provided written consent to Arrangement.

The Arrangement Agreement

The following is a summary of the material terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement and the Plan of Arrangement, which are attached to this Information Circular as Appendix D and Appendix E, respectively, and have been filed by Capstone on SEDAR at www.sedar.com. Capstone Securityholders are urged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

Summary of the Arrangement

On January 20, 2016, Capstone and the Purchaser entered into the Arrangement Agreement, the terms of which are the result of arm's length negotiation between Capstone and iCON and their respective advisors.

In the Arrangement Agreement, Capstone and the Purchaser agreed that the Arrangement would be implemented by way of a court-approved plan of arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, the following transactions will occur:

- Capstone Shareholders (other than Dissenting Holders) will receive, for each Common Share held, $4.90 in cash;
- holders of Class B Units will receive, for each Class B Unit held, $4.90 in cash;
- the Capstone 2016 Debentures will be redeemed by Capstone for the Capstone 2016 Debenture Consideration; and
- holders of the CPC 2017 Debentures will receive, for each $1,000 of outstanding principal amount, an amount in cash equal to the sum of (i) $4.90 multiplied by the CPC 2017 Debenture Conversion Ratio, (ii) $0.76923 and (iii) any accrued and unpaid interest due.

The amount of the cash payments for the Debentures will depend on the date that the Arrangement is completed, since the CPC 2017 Debenture Conversion Ratio and the amount of accrued interest will depend on when the Effective Date occurs. Assuming, for example, an Effective Date of April 30, 2016, the cash consideration under the Arrangement for each $1,000 of outstanding principal amount of Debentures would be $1,010 for the Capstone 2016 Debentures and approximately $1,080.81 for the CPC 2017 Debentures, plus accrued and unpaid interest thereon up to and including the Effective Date in each case.

The Arrangement Resolution, the full text of which is set forth in Appendix A to this Information Circular, must be approved by: (i) not less than two-thirds of the votes cast by the Capstone Shareholders present in person or by proxy at the Meetings; and (ii) not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or by proxy at the Meetings. The approval of Capstone 2016 Debentureholders and CPC 2017 Debentureholders will also be sought at the Meetings to allow the holders of the Debentures to participate in the Arrangement Resolution in the manner described above. The Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will each vote on the Arrangement as a separate class, and participation in the Arrangement by each will require the affirmative vote of the holders of not less than a majority in number and not less than 75% of the principal amount of the class, in each case held by holders present in person or represented by proxy at the Meetings and voted upon the Arrangement Resolution. However, the approval of the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is not a condition to the completion of the Arrangement. If holders of either or both of the classes of Debentures do not approve participation in Arrangement and the Effective Time occurs, the class or classes of the Debentures in respect of which approval was not obtained will remain outstanding on their terms.

Effective Date of the Arrangement

Unless otherwise agreed by Capstone and the Purchaser, the Effective Date of the Arrangement will occur on the tenth Business Day after the date on which the Required Equity Securityholder Approvals and the required Court and Regulatory Approvals have been obtained and all other conditions to closing have been satisfied or waived other than the conditions relating to funding the consideration payable and any other conditions that by their nature cannot be satisfied until the Effective Time. Currently it is anticipated that the Effective Date will be in the second quarter of 2016, but it is not possible to state with certainty when the Effective Date will occur. The Effective Date could be earlier than anticipated or could be delayed, subject to the Outside Date, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to obtain all Regulatory Approvals in the time frames anticipated.

Covenants

Covenants of the Purchaser

The Purchaser has given, in favour of Capstone, usual and customary covenants for an agreement of this nature, including, but not limited to, covenants: (i) to use commercially reasonable efforts to satisfy the conditions for completion of the Arrangement; (ii) to promptly notify Capstone of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure to occur would, or would be reasonably likely to (a) cause any of the representations or warranties of the Purchaser to be untrue or inaccurate in any material respect at any time from the date of the Arrangement Agreement to the Effective Time or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by the Purchaser under the Arrangement Agreement; (iii) to cause Capstone or any successor of Capstone (including any successor resulting from the winding up, merger, amalgamation or consolidation of Capstone into another Person), for a period of six years after the Effective Time, to honour indemnities in favour of the directors and officers of Capstone and its Subsidiaries and each nominee of Capstone or its Subsidiaries on the board or equivalent body of the Non-Controlled Entities; (iv) to use its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Purchaser relating to the Arrangement (other than in connection with obtaining the Required Regulatory Approvals, which are addressed separately below); (v) to use commercially reasonable efforts to take, or cause to be taken, all actions and do, or cause to be done, all things to (a) maintain in effect the Debt Commitment Letter; (b) subject to the satisfaction or waiver of conditions to the Arrangement, consummate the Debt Financing contemplated by the Debt Commitment Letter at or prior to the Effective Date on the terms and conditions described therein or on other terms acceptable to the Purchaser, acting in its sole discretion, that would not adversely impact the ability or likelihood of the Purchaser to consummate the transactions contemplated by the Arrangement Agreement; and (c) subject to the satisfaction or waiver of conditions to the Arrangement, cause its Lenders to fund the Debt Financing required to consummate the transactions contemplated by the Debt Commitment Letter, including if necessary, taking enforcement actions to cause such Lenders to provide such Debt Financing in accordance with the terms thereof; (vi) except as otherwise specified in the Arrangement Agreement, to not amend or alter, or agree to amend or alter, the Debt Commitment Letter in any manner that would reasonably be expected to materially impair, delay or prevent the consummation of the Arrangement, in each case without the prior written consent of Capstone; and (vii) to use commercially reasonable

efforts (a) to obtain funds pursuant to the Equity Commitment Letter, (b) to satisfy, on a timely basis, all covenants, terms, representations and warranties applicable to the Purchaser in the Equity Commitment Letter that are within its control and (c) to enforce its rights under the Equity Commitment Letter.

Covenants of Capstone

Capstone has given, in favour of the Purchaser, usual and customary covenants for an agreement of this nature, including, but not limited to covenants: (i) to use commercially reasonable efforts to satisfy the conditions for completion of the Arrangement; (ii) to use its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are necessary or advisable under material contracts to permit the consummation of the transactions contemplated by the Arrangement Agreement or required in order to maintain the material contracts in full force and effect following completion of the Arrangement; (iii) to provide such cooperation (including with respect to timeliness) to the Purchaser as the Purchaser may reasonably request in connection with the Purchaser obtaining the Debt Financing; (iv) to keep the Purchaser reasonably informed of the status of Capstone's and its Subsidiaries' plans and negotiations with respect to any refinancing of indebtedness permitted under the Arrangement Agreement or material acquisition, development or expansion of properties or lands, to consult with the Purchaser with respect to such plans and provide the Purchaser with a reasonable opportunity to review and comment and to give reasonable consideration to any such comments; (v) in respect of the Arrangement, including in respect of the Final Order, the calling and holding of the Meetings, preparation of this Information Circular, and to provide the Purchaser with the aggregate tally of the proxies received by Capstone in respect of the Arrangement Resolution; (vi) to promptly notify the Purchaser of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure to occur would, or would be reasonably likely to (a) cause any of the representations or warranties of Capstone to be untrue or inaccurate in any material respect at any time from the date of the Arrangement Agreement to the Effective Time or (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by Capstone under the Arrangement Agreement; (vii) make all necessary filings and applications under applicable laws, including applicable Securities Laws required to be made on the part of Capstone in connection with the transactions contemplated by the Arrangement Agreement and to take all actions necessary to be in compliance with such applicable laws; and (viii) to use commercially reasonable efforts to assist in causing each member of the Capstone Board and the board of directors of each of its wholly-owned Subsidiaries, and Capstone's or its Subsidiaries' designated or nominated directors on the board of directors (or equivalent body) of each of its non-wholly-owned Subsidiaries and the Non-Controlled Entities (in each case to the extent requested by the Purchaser), to be replaced by Persons designated or nominated, as applicable, by the Purchaser effective as of the Effective Time.

In addition, Capstone has given, in favour of the Purchaser, a covenant to carry on business in the ordinary course of business consistent with past practice between the date of the Arrangement Agreement and the Effective Date, a covenant to use commercially reasonable efforts to maintain and preserve the business, assets, goodwill and business relationships of Capstone and its Subsidiaries and a covenant not to undertake certain actions outside of the ordinary course of business without the Purchaser's consent, unless previously disclosed to the Purchaser or required by law or contract.

Covenants Regarding Required Regulatory Approvals

In connection with obtaining the Required Regulatory Approvals, as promptly as practicable, and in any event within 10 Business Days after the date of the Arrangement Agreement, (i) the Purchaser shall (a) submit a letter to the Commissioner in support of and requesting an ARC pursuant to Subsection 102(1) of the Competition Act or, in lieu thereof, a No Action Letter and (b) file its application for review to the Director of Investments pursuant to Section 17 of the ICA, and (ii) the Purchaser and Capstone shall, or shall cause its relevant Subsidiaries to, file its respective notification pursuant to Section 114 of the Competition Act, unless the Parties mutually agree in writing to either not file such notification or on an alternative period of time in which to file such notification, and any other notification, submission or application that is necessary in order to obtain the Required Regulatory Approvals (if any). Each of the Purchaser and Capstone shall, or shall cause its relevant Subsidiaries to, respond promptly and fully to any requests for information or to any requests for a meeting from any Governmental Entity in connection with obtaining the Required Regulatory Approvals.

All filing fees and applicable Taxes in respect of any filing made to any Governmental Entity in respect of any Required Regulatory Approval shall be the sole responsibility of the Purchaser.

With respect to obtaining the Required Regulatory Approvals, each of the Purchaser and Capstone shall: (i) not extend or consent to any extension of any applicable waiting or review period or enter into any agreement with a Governmental Entity to not consummate the transactions contemplated by the Arrangement Agreement, except upon the prior consent of the other Parties, such consent not to be unreasonably withheld, conditioned or delayed, provided that the Purchaser may agree to extend the period for approval under the ICA not in excess of 20 days; (ii) promptly notify the other Parties of written or oral communications from a Governmental Entity relating to any Required Regulatory Approval and provide the other Parties with copies thereof; (iii) use its commercially reasonable efforts to respond to any inquiries or requests received from a Governmental Entity in respect of any Required Regulatory Approval at the earliest practicable date; (iv) permit the other Parties to review in advance any proposed written communications of any material nature (including, but not limited to, any notification, application, submission, or offer of a remedy or undertaking) with a Governmental Entity in respect of any Required Regulatory Approval and to give due consideration to any comments and suggestions received from such other Parties; (v) provide the other Parties with final copies of any written communications of any nature with a Governmental Entity in respect of any Required Regulatory Approval; and (vi) not participate in any meeting or material discussion (whether in person, by phone or otherwise) with a Governmental Entity in respect of any Required Regulatory Approval unless it consults with the other Parties in advance and gives the other Parties the opportunity to attend thereat (except (a) where the timing of the response requested by the Governmental Entity does not reasonably permit such review, (b) the Governmental Entity expressly requests that the other should not be present at the meeting or discussion or part or parts of the meeting or discussion, or (c) where competitively or commercially sensitive information may be discussed, in which case, with respect to meetings and discussions with the Governmental Entity, every effort will be made to allow external legal counsel to participate).

Where a Party (the "**Supplying Party**") is required to supply any information in connection with the Required Regulatory Approvals to the other Parties (the "**Receiving Parties**") that includes competitively or commercially sensitive information, the Supplying Party may provide a redacted version removing the competitively or commercially sensitive information to the Receiving Party provided that the Supplying Party also provides a complete, non-redacted version to the Receiving Parties' external legal counsel on an external legal counsel-only basis and the Receiving Parties shall not request such competitively or commercially sensitive information from their external legal counsel.

The Purchaser shall, and shall cause its Subsidiaries to, not take or agree to take any action, or assist, counsel or encourage any third party not to take or agree to enter into any acquisition or other corporate transaction, whether directly or indirectly, after the date of the Arrangement Agreement until the earlier of the termination of the Arrangement Agreement or the Effective Date, that would be reasonably likely to (i) materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any Governmental Entity necessary to be obtained prior to the Effective Date, (ii) materially increase the risk of any Governmental Entity entering an order prohibiting the consummation of the transactions contemplated by the Arrangement Agreement, including the Arrangement, (iii) materially increase the risk of not being able to have vacated, lifted, reversed or overturned any such order on appeal or otherwise, or (iv) otherwise prevent or materially delay the consummation of the transactions contemplated by the Arrangement Agreement, including the Arrangement.

The Purchaser shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to obtain and maintain the Required Regulatory Approvals as soon as practicable and in any event by no later than the Outside Date.

No Party shall, and no Party shall permit its directors, officers, agents or representatives to, make any false or disparaging public or private statement that is reasonably likely to materially impair the reputation, goodwill or commercial interest of the other Party such that it reduces the likelihood of the closing of the Arrangement to occur.

Covenants of Capstone Regarding Non-Solicitation

Pursuant to Article 5 of the Arrangement Agreement, Capstone has agreed to certain non-solicitation covenants in favour of the Purchaser as follows:

(i) Capstone has agreed to, and to cause its Subsidiaries and their Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation or other activities commenced prior to the date of the Arrangement Agreement with any Person (other than the Parent and the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, Capstone agreed to discontinue disclosure of information to and access to Capstone's data room for any such Person; and within three Business Days of the date of the Arrangement Agreement, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding Capstone or any of its Subsidiaries provided to any such Person and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding Capstone or any of its Subsidiaries provided to any such Person, in each case using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

(ii) Capstone has agreed that neither it, nor any of its Subsidiaries or any of their respective Representatives have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting Capstone or any of its Subsidiaries under any confidentiality, standstill or similar agreement, restriction or covenant to which Capstone or any of its Subsidiaries is a party. Capstone has undertaken to take all commercially reasonable action to enforce each confidentiality, standstill or similar agreement, restriction or covenant that it or any of its Subsidiaries has entered into.

(iii) Capstone has agreed it and its Subsidiaries will not, directly or indirectly, through any Representative do any of the following:

(a) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of Capstone or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Parent and the Purchaser) regarding any Acquisition Proposal or inquiry, proposal or offer reasonably expected to lead to an Acquisition Proposal, provided that Capstone may (A) communicate with any Person for the purposes of clarifying the terms of any inquiry, proposal or offer made by such Person that constitutes, or could reasonably be expected to constitute or lead to, an Acquisition Proposal; (B) advise any Person of the restrictions of the Arrangement Agreement; and (C) advise any Person making an Acquisition Proposal that the Capstone Board has determined that such Acquisition Proposal does not constitute a Superior Proposal, in each case, if, in so doing, no other information that is prohibited from being communicated under the Arrangement Agreement is communicated to such Person;

(c) withdraw, amend, modify or qualify in a manner adverse to the Purchaser or the consummation of the Arrangement, or publicly propose or state an intention to withdraw, amend, modify or qualify in a manner adverse to the Purchaser or the consummation of the Arrangement, the Board Recommendation;

(d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than 10 Business Days will not be considered to be in violation of its non-solicitation covenants, provided the Capstone

Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such 10-Business Day period); or

(e) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by and in accordance with Section 5.3 of the Arrangement Agreement),

provided, however, that if at any time prior to the Meetings Capstone receives a written Acquisition Proposal from a Person,

(f) Capstone may enter into, participate in, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of any information, properties, facilities, books or records of Capstone and its Subsidiaries to such Person, if and only if:

(A) the Capstone Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal;

(B) such Acquisition Proposal did not result from a material breach by Capstone of its obligations under Article 5 of the Arrangement Agreement or by the party proposing any contract with Capstone;

(C) prior to providing any such copies, access or disclosure, (x) Capstone enters into a confidentiality and standstill agreement with such Person on terms that are no less favourable, taken as a whole, to Capstone than those of the Confidentiality Agreement and the Undertaking and (y) any such copies, access or disclosure provided to such Person shall have already been (or shall simultaneously be) provided to the Purchaser; and

(D) prior to providing any such copies, access or disclosure to such Person, Capstone provides the Purchaser with a true, complete and final executed copy of the confidentiality and standstill agreement referred to in paragraph (C) above.

(iv) Capstone has agreed that it will immediately notify the Purchaser, at first orally and then in writing (and in any event within 48 hours) of any Acquisition Proposal or any request for non-public information relating to Capstone or its Subsidiaries, including a description of its material terms and conditions, and the identity of all Persons making the Acquisition Proposal or request, and Capstone will provide the Purchaser with summaries or copies of all written documents or other material received in respect of, from or on behalf of any such Person. Capstone has also agreed to keep the Purchaser reasonably informed of the status of developments and negotiations with respect to any such Acquisition Proposal or request, including any changes, modifications or other amendments to the material terms thereof.

(v) Capstone has agreed that if it receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Effective Date, the Capstone Board may, subject to compliance with the Arrangement Agreement, authorize Capstone to enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(a) such Acquisition Proposal did not result from a material breach by Capstone of its obligations under the Arrangement Agreement or by the party proposing any contract with Capstone;

(b) Capstone has delivered to the Purchaser a written notice of the determination of the Capstone Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Capstone Board to enter into such definitive agreement with respect to such Acquisition Proposal (a "**Superior Proposal Notice**");

(c) Capstone has provided the Purchaser with a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials supplied to Capstone in connection therewith;

(d) at least five Business Days have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials supplied to Capstone in connection therewith (the "**Matching Period**");

(e) during the Matching Period, the Purchaser has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(f) after the Matching Period, the Capstone Board has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser; and

(g) prior to or concurrently with entering into such definitive agreement Capstone terminates the Arrangement Agreement and pays the Termination Fee.

During the Matching Period, or such longer period as Capstone may approve in writing for such purpose: (A) the Capstone Board shall review any offer made by the Purchaser to amend the terms of the Arrangement Agreement and the Arrangement, in good faith and in consultation with outside legal and financial advisors, to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously determined to constitute a Superior Proposal ceasing to be a Superior Proposal; and (B) if such Acquisition Proposal would no longer constitute a Superior Proposal, Capstone shall negotiate in good faith with the Purchaser to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms.

(vi) Capstone has agreed that each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the securityholders of Capstone or other material terms or conditions of such Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of the match rights in the Arrangement Agreement and the Purchaser shall be afforded a new Matching Period in connection therewith, provided that the duration of such Matching Period shall be three Business Days rather than five Business Days.

(vii) Capstone has agreed that the Capstone Board will promptly reaffirm the Board Recommendation by press release if the Board determines that a proposed amendment to the terms of the Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal.

(viii) Capstone has agreed that it will be responsible for any breach of its non-solicitation covenants by Capstone, its Subsidiaries or any of their Representatives.

(ix) If Capstone provides the Superior Proposal Notice to the Purchaser less than five Business Days before the date of the Meetings, then Capstone shall be entitled to, and the Purchaser shall be

entitled to require Capstone to, adjourn or postpone the Meetings to a date that is not more than 10 Business Days after the date of the Superior Proposal Notice.

Representations and Warranties

The Arrangement Agreement contains certain representations and warranties of Capstone relating to the following matters: organization and qualification; authorization; execution of the Arrangement Agreement; governmental authorizations; non-contravention; capitalization; subsidiaries and non-controlled entities; Securities Law matters; financial statements; disclosure controls and internal control over financial reporting; auditors; no undisclosed liabilities; the absence of certain changes or events; compliance with law; authorizations; material contracts; title to and sufficiency of assets; real property; personal property; intellectual property; litigation; environmental matters; First Nations matters; employees; collective agreements; employee plans; insurance; taxes; bankruptcy and insolvency; opinions of Capstone's financial advisors; brokers; no guarantees; restrictions on business activities; books and records; related party transactions; and corrupt practices legislation.

The Arrangement Agreement contains certain representations and warranties of the Purchaser relating to the following: organization and qualification; ownership of the Purchaser; authorization; execution and binding obligation; governmental authorizations; non-contravention; funds available; litigation; the Equity Commitment Letter; the Guarantee; ownership of securities of Capstone; and status as a "WTO Investor" under the Investment Canada Act.

The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

Conditions to Closing

Mutual Conditions Precedent

Under the terms of the Arrangement Agreement, the Parties agreed that the Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(i) *Arrangement Resolution*. The Arrangement Resolution has been approved and adopted at the Meetings by the Capstone Shareholders and holders of Class B Units in accordance with the Interim Order.

(ii) *Interim and Final Orders*. The Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement and have not been set aside or modified in a manner unacceptable to either Capstone or the Purchaser, each acting reasonably, on appeal or otherwise.

(iii) *Illegality*. No Law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Capstone or the Purchaser from consummating the Arrangement.

(iv) *Required Regulatory Approvals*. Each of the Required Regulatory Approvals has been obtained.

(v) *Proceedings***.** No Proceeding shall be pending or overtly threatened by any Governmental Entity seeking an injunction, judgment, decree or other order to prevent or challenge the consummation of the Arrangement or the other transactions contemplated by the Arrangement Agreement.

Conditions in Favour of the Purchaser

The obligation of the Purchaser to complete the Arrangement is subject to the following conditions:

(i) *Representations and Warranties*. The representations and warranties of Capstone (a) as to organization and qualification and authorization shall be true and correct in all material respects as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which will be determined as of such specified date); (b) as to capitalization and ownership of CPC shall be true and correct in all respects (except for *de minimis* errors) as of the

Effective Time (except for representations and warranties made as of a specified date, the accuracy of which will be determined as of such specified date); and (c) as to all other matters shall be true and correct in all respects as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which will be determined as of such specified date) except to the extent that the failure or failures of Capstone's representations and warranties as to the matters described in this clause (c) would not, individually or in the aggregate, have a Material Adverse Effect, and Capstone shall have delivered to the Purchaser a certificate executed by two senior officers of Capstone confirming the accuracy of Capstone's representations and warranties.

(ii) *Covenants*. Capstone and its Subsidiaries shall have fulfilled or complied in all material respects with their covenants in the Arrangement Agreement, and Capstone will have provided to the Purchaser a certificate of two senior officers certifying compliance with such covenants.

(iii) *Dissent Rights*. Dissent Rights shall not have been exercised with respect to more than 10% of the Common Shares.

(iv) *No Material Adverse Effect*. Since the date of the Arrangement Agreement there shall not have been or occurred a Material Adverse Effect.

(v) *Debt Refinancing*. The refinancing of the outstanding debt of certain facilities of Capstone shall have been completed substantially on the terms specified by Capstone to the Purchaser in the Capstone Disclosure Letter.

Conditions in Favour of Capstone

The obligation of Capstone to complete the Arrangement is subject to the following conditions:

(i) *Representations and Warranties*. The representations and warranties of the Purchaser set forth in the Arrangement Agreement which are qualified by references to materiality are true and correct in all respects as of the Effective Time, as if made at and as of the Effective Time (except, in each case, for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), and all other representations and warranties of the Purchaser set forth in the Arrangement Agreement are true and correct in all material respects as of the Effective Time, as if made at and as of the Effective Time (except, in each case, for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), in each case, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not materially impede the completion of the Arrangement, and the Purchaser shall have delivered to Capstone a certificate addressed to Capstone, dated the Effective Date and executed by two of its senior officers (without personal liability), confirming same.

(ii) *Covenants*. The Purchaser will have fulfilled or complied in all material respects with its covenants contained in the Arrangement Agreement, and the Purchaser will have provided to Capstone a certificate of two senior officers certifying compliance with such covenants.

(iii) *Deposit of Funds*. The Purchaser shall have deposited or caused to be deposited in escrow with the Depositary prior to the Effective Time the aggregate amount that will be payable to Capstone Shareholders and holders of Class B Units under the Arrangement, and Capstone shall have received confirmation from the Depositary of its receipt of such funds.

(iv) *Completion of Debt Financing*. (i) The Lenders shall have confirmed in writing that (A) they have irrevocably waived or confirmed the satisfaction of all conditions precedent in their favour in connection with the Debt Financing except for any conditions that by their nature can only be satisfied as of the closing of such Debt Financing and (B) subject to satisfaction of all conditions precedent in their favour in connection with the Debt Financing that by their nature can only be satisfied as of the closing of such Debt Financing, the Lenders stand ready, willing and able to

consummate the Debt Financing and deliver the funds to CPC (or as directed by CPC) under and in accordance with the Debt Financing; or (ii) the Parent, the Purchaser or any of their respective affiliates stand ready, willing and able to deliver the funds to CPC (or as directed by CPC) necessary for CPC to fully comply with its obligations under the Plan of Arrangement at the time(s) specified therein.

Termination of the Arrangement Agreement

The Parties have agreed that the Arrangement Agreement may be terminated at any time prior to the Effective Date:

(i) by mutual written agreement of the Parties;

(ii) by Capstone or the Purchaser, if:

(a) the Arrangement Resolution shall have failed to receive the Required Equity Securityholder Approvals at the Meetings in accordance with the Interim Order;

(b) after the date of the Arrangement Agreement, any Law is enacted or made that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Capstone or the Purchaser from consummating the Arrangement and such Law has, if applicable, become final and non-appealable; or

(c) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate the Arrangement Agreement for such reason if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement, provided however, that in the event that the condition set forth in the Arrangement Agreement in respect of the Required Regulatory Approvals is satisfied or, to the extent permitted at law or by the terms of the Arrangement Agreement, waived within the 10 Business Day period prior to the Outside Date, then the Purchaser shall have the right to extend the Outside Date by up to 10 Business Days following the date of satisfaction or waiver of such condition;

(iii) by Capstone, if

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under the Arrangement Agreement occurs that would cause the conditions relating to the Purchaser's representations, warranties and covenants not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement; provided that Capstone is not then in breach of the Arrangement Agreement so as to cause the conditions relating to Capstone's representations, warranties and covenants not to be satisfied;

(b) prior to the Meetings, the Capstone Board authorizes Capstone, subject to complying with the terms of the Arrangement Agreement to enter into a written agreement (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3 of the Arrangement Agreement) with respect to a Superior Proposal; or

(c) the Purchaser does not provide or cause to be provided to the Depositary sufficient funds to complete the purchase of the Securities (other than the Debentures) contemplated by the Arrangement Agreement or the Debt Financing condition is not satisfied by the Effective Date; provided that Capstone is not then in breach of the Arrangement Agreement so as to cause the conditions relating to Capstone's representations, warranties and covenants not to be satisfied; or

(iv) by the Purchaser, if

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Capstone under the Arrangement Agreement occurs that would cause the conditions relating to Capstone's representations, warranties and covenants not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement; provided that the Purchaser is not then in breach of the Arrangement Agreement so as to cause the conditions relating to the Purchaser's representations, warranties and covenants not to be satisfied;

(b) (A) the Capstone Board fails to recommend, or withdraws, amends, modifies or qualifies, or publicly proposes to withdraw, amend, modify or qualify, the Board Recommendation, in each case in a manner adverse to the Purchaser, (B) the Capstone Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend, an Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than five Business Days will not be considered to be an acceptance, approval, endorsement or recommendation of such Acquisition Proposal, provided the Capstone Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five Business Day period), (C) the Capstone Board accepts or enters into or publicly proposes to accept or enter into any written agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3 of the Arrangement Agreement), (D) Capstone breaches its non-solicitation covenants in a material respect or (E) the Capstone Board fails to publicly reaffirm the Board Recommendation within five Business Days of the Purchaser requesting such reaffirmation; or

(c) after the date of the Arrangement Agreement, a Material Adverse Effect shall have occurred.

If the Arrangement Agreement is terminated in accordance with the foregoing provisions, the Arrangement Agreement will forthwith become void and no Party will have any further liability or obligation to the other Party under the Arrangement Agreement except as provided in Sections 7.4 of the Arrangement Agreement and nothing shall relieve any Party from any liability for any breach of the Arrangement Agreement.

Termination Fee

If at any time after the execution of the Arrangement Agreement and prior to its termination (and provided that there is no unresolved material breach or non-performance by the Purchaser of any of their covenants, agreements, representations or warranties under the Arrangement Agreement): (i) the Purchaser terminates the Arrangement Agreement in connection with the circumstances described in paragraph (iv)(b) of "*Termination of the Arrangement*" above, including a change of recommendation by the Capstone Board; (ii) Capstone terminates the Arrangement Agreement because, prior to the Meetings, the Capstone Board has authorized Capstone to enter into a written agreement (other than a confidentiality and standstill agreement) with respect to a Superior Proposal; or (iii) Capstone or the Purchaser terminates the Arrangement Agreement because the Required Equity Securityholder Approvals have not been obtained or the Effective Time has not occurred prior to the Outside Date if (a) prior to such termination an Acquisition Proposal (with references to "20% or more" in the definition thereof being deemed to be references to "50% or more" and, for the purposes of this provision, the direct or indirect sale of all or substantially all of the interest of Capstone and its Subsidiaries in the Bristol Water Entities or CPC or the sale of all or substantially all of the assets of CPC shall be deemed to be an Acquisition Proposal) is proposed, offered or made to the Capstone Board or announced publicly and (b) within 12 months of such termination a definitive agreement with respect to an Acquisition Proposal is entered into and later consummated, then Capstone will pay to the Purchaser, as agent for and on behalf of the Parent, the Termination Fee, in immediately available funds to an account designated by the Purchaser at the time set out in the Arrangement Agreement.

Expense Reimbursement

If (i) the Arrangement Agreement is terminated by either Capstone or the Purchaser due to the failure to receive the Required Equity Securityholder Approvals or (ii) the Arrangement Agreement is terminated by the Purchaser as a result of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Capstone under the Arrangement Agreement, then Capstone will pay to the Purchaser an expense reimbursement fee equal to the amount of all reasonable and documented out-of-pocket fees and expenses incurred by the Purchaser, the Parent and their related parties in connection with the transactions contemplated by the Arrangement Agreement and related activities up to a maximum of $3 million, provided that if the Termination Fee is also payable, then the Capstone Expense Fee will not be payable.

Purchaser Termination Fee

The Purchaser is required to pay to Capstone the Purchaser Termination Fee if the Arrangement Agreement is terminated (i) by Capstone in connection with the breach of a representation, warranty or covenant of the Purchaser of the Arrangement Agreement at a time when all of the conditions precedent in Article 6 of the Arrangement Agreement, except for any such condition (a) that by its nature is to be satisfied by actions to be taken at or before the Effective Time by the Purchaser, (b) that remains unsatisfied solely as a result of the Purchaser's breach of any covenant or agreement set forth in the Arrangement Agreement, or (c) that is unsatisfied as a result of a breach or inaccuracy of a representation or warranty made by the Purchaser in the Arrangement Agreement, have been satisfied or waived, if the circumstance giving rise to the right of termination is based on a fraudulent act, willful misconduct or an intentional or knowing breach on the part of the Purchaser; (ii) by Capstone in connection with a failure of the Purchaser to deposit funds sufficient to complete the Arrangement as described in Section 7.2(1)(iii)(C) of the Arrangement Agreement at a time when all of the conditions precedent set out in Article 6 of the Arrangement Agreement, except for those conditions related to the payment of consideration and debt financing as well as any condition that by its nature must be satisfied as of the Effective Time, have been satisfied or waived by the applicable Party or Parties, provided that (x) Capstone has first confirmed in writing to the Purchaser that, subject to any condition that by its nature must be satisfied as of the Effective Time, Capstone stands ready, willing and able to consummate the Arrangement and (y) the conditions related to the payment of the Consideration and the debt financing are not satisfied by the end of the tenth day following the receipt of the confirmation in (x) above, and, if applicable, the Outside Date shall be extended by the number of days necessary to accommodate such 10 day period; or (iii) by the Purchaser in connection with the Effective Date having failed to occur by the Outside Date at a time when Capstone was entitled to terminate pursuant to a failure of the Purchaser to deposit funds sufficient to complete the Arrangement and if so the other provisions of paragraph (ii) above would have been applicable.

Amendments

The Arrangement Agreement and Plan of Arrangement may at any time and from time to time before or after the holding of the Meetings but not later than the Effective Time be amended by written agreement of the Parties without further notice to or authorization on the part of the Capstone Securityholders and any such amendment may, without limitation:

(i) change the time for performance of any of the obligations or acts of the Parties;

(ii) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto;

(iii) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(iv) modify any mutual conditions precedent contained in the Arrangement Agreement.

Capstone has agreed to amend the Plan of Arrangement at any time prior to the Effective Time in accordance with the Arrangement Agreement to include such other terms determined to be necessary or desirable by the Purchaser, acting reasonably, provided that the Plan of Arrangement shall not be amended in any manner which has the effect of reducing the Consideration or which is otherwise prejudicial to the Capstone Securityholders or other parties to be bound by the Plan of Arrangement or which is inconsistent with the provisions of the Arrangement Agreement or

that could reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement.

Certain sections of the Arrangement Agreement that impact the Lenders may not be amended, supplemented, waived or otherwise modified in a manner adverse to the Lenders without the prior written consent of such Lenders.

The Parties may by mutual agreement amend the Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Meetings, approved by the Court; and (iii) if required by the Court communicated to the Capstone Securityholders. Any amendment to the Plan of Arrangement that is approved by the Court following the Meetings will be effective only if it is consented to by each of the Parties (acting reasonably) and if required by the Court, it is consented to by some or all of the Capstone Shareholders voting in the manner directed by the Court.

Injunctive Relief, Specific Performance and Remedies

Unless the Arrangement Agreement has been terminated in accordance with its terms, Capstone and the Purchaser shall be entitled to injunctive and other equitable relief to prevent or restrain breaches or threatened breaches of the Arrangement Agreement subject to the limitations below.

Notwithstanding the foregoing, Capstone will be entitled to seek specific performance of the Purchaser's obligations to cause the equity financing provided for in the Equity Commitment Letter to be funded and consummate the transactions contemplated by the Arrangement Agreement only in the event that:

(i) all mutual conditions precedent to the obligations of Capstone and the Purchaser (excluding conditions that, by their nature are to be, and can be satisfied by actions taken at the Effective Time) have been satisfied or waived;

(ii) the Debt Financing has been funded or will be funded on the Effective Time if the equity financing is funded prior to the Effective Time; and

(iii) Capstone has irrevocably confirmed in writing to the Purchaser that (a) all mutual conditions precedent to the obligations of Capstone and the Purchaser and all conditions to Capstone's obligations to complete the Arrangement in Section 6.1 and Section 6.3 of the Arrangement Agreement (excluding funding of the consideration and conditions that, by their nature are to be, and can be satisfied by actions taken at the Effective Time) have been satisfied or will be waived by Capstone; (b) Capstone is prepared to consummate the closing of the transactions contemplated by the Arrangement Agreement; and (c) if specific performance is granted and the Debt Financing and Equity Financing are funded, then the closing of the transactions contemplated by the Arrangement Agreement will occur.

Capstone will also be entitled to seek specific performance of the Purchaser's obligation to enforce the terms of the Debt Commitment Letter, or if alternative financing is being used in accordance with the terms of the Arrangement Agreement, pursuant to the commitments with respect thereto (in each case, subject to the satisfaction of the conditions set forth in the Debt Commitment Letter or in the commitments in respect of such alternative financing, as applicable), but only in the event that:

(i) all mutual conditions precedent to the obligations of Capstone and the Purchaser and all conditions to the Purchaser's obligations to complete the Arrangement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date) have been satisfied or waived at the time when the Effective Time would have occurred but for the failure of the Debt Financing contemplated by the Debt Commitment Letter (and, if not funded, the Equity Financing) to be funded; and

(ii) Capstone has irrevocably confirmed that if specific performance is granted and the Equity Financing and Debt Financing are funded, then the Effective Time will occur.

Capstone Securityholder Approval of the Arrangement

At the Meetings, Capstone Shareholders both as a single class and collectively with holders of Class B Units will be asked to approve the Arrangement Resolution. The requisite approval for the Arrangement Resolution is (i) not less than two-thirds of the votes cast by the Capstone Shareholders present in person or by proxy at the Meetings and (ii) not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or represented by proxy at the Meetings. The Arrangement Resolution must receive both the requisite Capstone Shareholder approval and the requisite approval of Capstone Shareholders and holders of Class B Units, voting together as a single class, in order for Capstone to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

Debentureholder approval will also be sought at the Meetings. The Capstone 2016 Debentureholders and the CPC 2017 Debentureholders will each vote on the Arrangement as a separate class of securities, and participation in the Arrangement by each class of Debentures will require the affirmative vote of not less than a majority in number and not less than 75% of the principal amount of such class of Debentures, in each case, present in person or represented by proxy at the Meetings. However, the approval of the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is not a condition to the completion of the Arrangement. If the requisite approval of the holders of a class of Debentures is not obtained at the Meetings, such class of Debentures will be excluded from the Arrangement and such Debentures will remain outstanding on their terms following closing of the Arrangement.

Voting Support Agreements

The following is a summary of the material terms of the Voting Support Agreements and is subject to, and qualified in its entirety by, the full text of the Voting Support Agreements, which have been filed by Capstone on SEDAR at www.sedar.com. Capstone Securityholders are urged to read the Voting Support Agreements in their entirety.

Each of the Executive Officers and directors of Capstone, holding Common Shares representing in aggregate approximately 0.4% of the outstanding Common Shares, have entered into voting support agreements with the Purchaser ("**Voting Support Agreements**"), pursuant to which, among other things, they have agreed to vote in favour of the Arrangement.

The Voting Support Agreements will terminate on the earliest of: (i) the written agreement of the parties thereto; (ii) the termination of the Arrangement Agreement in accordance with its terms; (iii) written notice by the director or Executive Officer if: (a) the Purchaser, without the prior written consent of such director or Executive Officer, decreases the amount, or changes the form, of the consideration payable in respect of the Common Shares or Debentures set out in the Arrangement Agreement or pursuant to the Arrangement; or (b) the Purchaser, without the prior written consent of such director or Executive Officer, otherwise varies the terms of the Arrangement Agreement in a manner that is materially adverse to such director or Executive Officer; (iv) the Effective Time; or (v) the Outside Date.

Sources of Funds for the Arrangement

Pursuant to the terms of the Arrangement Agreement, an aggregate cash amount of approximately $552 million will be required by the Purchaser in order to fund the Consideration, the Capstone 2016 Debenture Consideration and the CPC Exchange Consideration. This aggregate cash amount is expected to be funded from the proceeds of the Debt Financing, pursuant to the terms of the Debt Commitment Letter, and the Equity Financing, pursuant to the terms of the Equity Commitment Letter.

Debt Commitment Letter

Pursuant to the Debt Commitment Letter, the Lenders have agreed to make available to the Purchaser the following credit facilities (collectively, the "**Credit Facilities**"), to be borrowed by CPC on the Effective Date after the Effective Time has occurred, in an aggregate amount of up to $125 million to repay intercompany debt owing by CPC to Capstone (for the purpose of among other things, redeeming the Capstone 2016 Debentures) to redeem or repay the CPC 2017 Debentures and to replace Capstone's existing credit facility:

(i) up to $85 million non-revolving acquisition facility;

(ii) $5 million revolving credit facility; and

(iii) $35 million revolving letter of credit facility.

The Debt Financing will only occur if the Arrangement is completed. Each Lender is committed to provide, on a fully underwritten basis, 50% of each of the Credit Facilities subject to the terms and conditions set forth in the Debt Commitment Letter and the fee letter as contemplated by the Debt Commitment Letter. The commitment of the Lenders to extend credit pursuant to the Debt Commitment Letter is subject to:

(i) agreement as to the final terms of the financing and execution and delivery of definitive debt financing agreements and related documents and the other definitive loan and security documents (each of which document the Credit Facilities), in form and substance satisfactory to each Lender and their counsel, acting reasonably, and containing terms and conditions customary for the type of financing contemplated by the Debt Commitment Letter;

(ii) no Material Adverse Effect has occurred since the date of the Arrangement Agreement. For the purposes of the Debt Commitment Letter, "Material Adverse Effect" is as defined in the Arrangement Agreement except that (a) all references to "Capstone" are replaced by CPC, (b) the definition of Non-Controlled Entities used in such definition shall be limited to entities in which CPC has a direct or indirect interest, and (c) the references to Material Adverse Effect in such definition will be to Material Adverse Effect as defined for the purposes of the Debt Commitment Letter;

(iii) acquisition of all Common Shares and Class B Units by the Purchaser as contemplated under the Arrangement Agreement; and

(iv) other conditions precedent reasonably expected by Capstone to be satisfied for closing.

The commitments of the Lenders to extend credit shall terminate if: (i) the Debt Commitment Letter is superseded by executed and delivered Credit Facilities and the initial funding under the Credit Facilities occurs, (ii) the parties have not executed and delivered the Credit Facilities and the other loan documents, and/or the acquisition pursuant to the Arrangement Agreement has not been completed and/or the initial funding under the Credit Facilities has not occurred on or before May 20, 2016 (or if the Outside Date is extended as permitted thereunder, then on or before June 20, 2016) or (iii) the acquisition pursuant to the Arrangement Agreement is terminated or abandoned.

Equity Commitment Letter

The Purchaser has provided an Equity Commitment Letter pursuant to which the Parent has agreed to provide equity financing to the Purchaser in an aggregate amount of up to $480 million to be used by the Purchaser for the purpose of funding the Purchaser's obligations under the Arrangement Agreement and related expenses. The obligations of the Parent to fund the commitment on the terms outlined in the Equity Commitment Letter are subject to (i) there having been no amendment or modification to the Arrangement Agreement that is not approved in writing by the Parent; (ii) the satisfaction or waiver by the Purchaser of each of the conditions to the Purchaser's obligations to consummate the transactions contemplated by the Arrangement Agreement; and (iii) the consummation of the Debt Financing (or the consummation of alternative debt financing) prior to or simultaneously with such funding by the Parent.

The obligations of the Parent under the Equity Commitment Letter terminate automatically and immediately upon the earliest to occur of (i) the Effective Time (at which time the obligations with respect to the Equity Commitment Letter shall be discharged), (ii) the valid termination of the Arrangement Agreement in accordance with its terms, or (iii) Capstone or its affiliates asserting any claim under or legal action with respect to the Equity Commitment Letter, the Arrangement Agreement or any other agreement or instrument contemplated thereby or entered into in connection therewith, including the Guarantee (other than with respect to any claim specifically reserved thereunder), against the Parent or any of its affiliates.

Guarantee

The Purchaser is a newly-formed entity with no significant assets (other than its rights under the Arrangement Agreement). The Parent has provided the Guarantee to Capstone pursuant to which the Parent has guaranteed to Capstone, on the terms and conditions set forth therein, the due and punctual payment of certain payment and/or indemnification and reimbursement obligations ("**Obligations**") of the Purchaser under the Arrangement Agreement. The Parent has guaranteed the Purchaser Termination Fee up to a maximum amount of $30.0 million and has guaranteed the Purchaser's indemnity and reimbursement obligations with respect to costs incurred by Capstone pursuant to the debt financing assistance and pre-acquisition reorganization provisions of the Arrangement Agreement up to a maximum amount of $10.0 million. The Guarantee terminates as of the earlier of (i) the Effective Time, (ii) the termination of the Arrangement Agreement in accordance with its terms, subject to certain conditions, except as to a claim for payment of any obligation presented by Capstone to the Purchaser or the Parent within six months after the date of such termination, in which case the date such claim is finally satisfied or otherwise resolved, or (iii) receipt in full by Capstone or its affiliates of the Obligations.

Court Approval of the Arrangement and Completion of the Arrangement

The Arrangement requires approval by the Court under Division 5 of Part 9 of the BCBCA. Prior to the mailing of this Information Circular, Capstone obtained the Interim Order providing for the calling and holding of the Meetings and other procedural matters. A copy of the Interim Order is attached hereto as Appendix B. A copy of the Notice of Hearing of Petition in connection with the Final Order is attached hereto as Appendix C.

Subject to the terms of the Arrangement Agreement and provided that the Arrangement Resolution receives the Required Equity Securityholder Approvals at the Meetings, the hearing in respect of the Final Order is scheduled to take place on or about March 15, 2016 at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, or as soon thereafter as is reasonably practicable.

Any Person authorized by the Interim Order to participate at the hearing, who wishes to participate, to appear, to be represented, and/or to present evidence or arguments at the hearing, must serve and file a response to petition as set out in the Interim Order attached hereto as Appendix B and as the Court may direct in the future. The Court will consider, among other things, the fairness and reasonableness of the Arrangement and the rights of every Person affected. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. If any such amendments are made, depending on the nature of the amendments, Capstone and the Purchaser may not be obligated to complete the transactions contemplated in the Arrangement Agreement. If the hearing is postponed, adjourned or rescheduled then, subject to further direction of the Court, only those Persons having previously served and filed a response to petition in compliance with the Interim Order will be given notice of the new date.

Assuming the Final Order is granted and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived, it is currently anticipated that the Effective Date of the Arrangement will be in the second quarter of 2016.

Although Capstone's and the Purchaser's objective is to have the Effective Date occur as soon as possible after the Meetings and receipt of the Required Regulatory Approvals, the Effective Date could be delayed for a number of reasons, including, but not limited to, an objection before the Court at the hearing of the application for the Final Order or any delay in obtaining any required approvals or clearances. Capstone or the Purchaser may determine not to complete the Arrangement without prior notice to or action on the part of Capstone Securityholders. See "*The Arrangement Agreement — Termination of the Arrangement Agreement*".

Regulatory Matters

To the best of the knowledge of Capstone, there are no filings, consents, waiting periods or approvals required to be made with, applicable to, or required to be received from any Governmental Entity prior to the Effective Date in connection with the Arrangement, except as described below and the Court's approval of the Final Order and which is a condition to the completion of the Arrangement. If any additional filings or consents are required, such filings or consents will be sought but these additional requirements could delay the Effective Date or prevent the completion of the Arrangement.

ICA Approval

Under the Investment Canada Act, a transaction exceeding certain financial thresholds, and which involves the acquisition of control of a Canadian business by a non-Canadian, may be subject to review (a "**Reviewable Transaction**") and in such a case cannot be implemented unless the Minister is satisfied, or is deemed to be satisfied, that the transaction is "likely to be of net benefit to Canada". An application for review must be filed by the non-Canadian applicant with the Director of Investments prior to the implementation of the Reviewable Transaction. The Minister is then required to determine whether the Reviewable Transaction is likely to be of net benefit to Canada taking into account, among other things, certain factors specified in the Investment Canada Act. The Investment Canada Act contemplates an initial review period of up to 45 days after the date an application for review has been certified complete; however, if the Minister has not completed the review by that date, the Minister may unilaterally extend the review period by up to 30 days, or any longer period agreed to by the Director of Investments and the non-Canadian applicant, to permit completion of the review.

The Arrangement Agreement is a Reviewable Transaction. The Purchaser has filed an application for review.

Competition Act Approval

The Arrangement is a "notifiable transaction" for the purposes of Part IX of the Competition Act. The Purchaser and Capstone jointly requested that the Commissioner issue an ARC or, in the event the Commissioner was not prepared to issue an ARC, a Waiver and No Action Letter, in respect of the Arrangement (the "**Joint Request**"). The Commissioner issued an ARC on February 4, 2016. Under section 113(b) of the Competition Act, receipt of an ARC exempts a notifiable transaction from the application of Part IX of the Competition Act, including the obligation for the parties to such a transaction to submit the required information under section 114 of the Competition Act. If the Arrangement is substantially completed within one year after the ARC was issued, the Commissioner will be unable to apply to the Competition Tribunal under the merger provisions of the Competition Act in respect of the Arrangement solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued. The issuance of the ARC satisfies the Competition Act Approval.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Capstone Board and the board of directors of CPC with respect to the Arrangement, Capstone Securityholders should be aware that certain Executive Officers and directors of Capstone have interests that are, or may be, different from, or in addition to, the interests of other Capstone Securityholders. The Capstone Board and the board of directors of CPC are aware of these interests and considered them along with the other matters described above in "*The Arrangement — Background to the Arrangement and Reasons for the Recommendation*". These interests include those described below.

Common Shares

As at February 8, 2016, the Executive Officers and directors of Capstone owned an aggregate of 343,594 Common Shares (including Common Shares held by associates and affiliates of the Executive Officers and directors of Capstone and Common Shares over which control or direction is exercised by Executive Officers and directors of Capstone). Pursuant to the Voting Support Agreements, the Executive Officers and directors of Capstone agreed with the Purchaser to vote such Common Shares in favour of the Arrangement Resolution.

All of the Common Shares held by such Executive Officers and directors of Capstone will be treated in the same fashion under the Arrangement as Common Shares held by any other Capstone Shareholder. If the Arrangement is completed, the Executive Officers and directors of Capstone will receive, in exchange for such Common Shares, an aggregate of approximately $1.68 million (including consideration for Common Shares held by associates and affiliates of the Executive Officers and directors of Capstone and Common Shares over which control or direction is exercised by Executive Officers and directors of Capstone).

RSUs, PSUs and DSUs

As at February 8, 2016, the Executive Officers and directors of Capstone owned an aggregate of 541,033 RSUs, 220,711 PSUs, and 515,175 DSUs.

In connection with the Arrangement, any vesting conditions applicable to each RSU, PSU or DSU shall automatically accelerate in full (with PSUs and DSUs (PSU) vesting using a performance multiplier of 1.0) and all outstanding RSUs, PSUs and DSUs immediately prior to the Effective Time shall automatically be cancelled in exchange for a payment by Capstone of an amount in cash equal to the Consideration (without interest). If the Arrangement is completed, the Executive Officers and directors of Capstone will receive an aggregate of approximately $2,651,062 in exchange for the RSUs, $1,081,484 in exchange for the PSUs and $2,524,356 in exchange for the DSUs.

Employment Agreements

Capstone has entered into employment agreements ("**Employment Agreements**"), which include change of control provisions, with each Executive Officer. The Employment Agreements with each Executive Officer provide that in the event that an Executive Officer's employment is terminated in the six-month period prior to or the 12-month period after a "change of control", the Executive Officer is entitled to receive an amount equal to all accrued compensation plus 1.5 times the amount of 12 months total compensation (subject to a maximum payment of 24 months of total compensation). In addition, the Executive Officer's entitlement to benefit coverage or pay in lieu of benefits will be increased by a corresponding period of months. In this context, "change of control" refers to a third party acquiring control in law (whether by sale, transfer, merger, consolidation or otherwise) of over 50% of the issued and outstanding voting shares of Capstone, or the sale, transfer or other disposition of all or substantially all of Capstone's assets to a third party.

Pursuant to the Employment Agreements, if the Arrangement is completed, as a result of the change of control of Capstone and the Executive Officers are all terminated in the six-month period prior to or the 12-month period following the completion of the Arrangement, the Executive Officers would be entitled to collectively receive aggregate cash compensation of approximately $4,767,800.

Timing Adjustment Payments

The Capstone Board's purpose in granting PSUs (and any related DSUs (PSU)) to Capstone management, including the Executive Officers, is to link management's compensation to the creation of value for Capstone Shareholders by incentivizing management for achieve a Total Shareholder Return above a group of specified peer companies.

During the course of the Sale Process, the Capstone Board recognised that the PSUs and DSUs (PSU) granted in 2013 (the "**2013 Performance Incentives**") would vest on December 31, 2015, with the applicable performance multiplier being determined based on Capstone's share price as of such date, which, if no transaction resulting from the Sale Process was announced by that time, would not reflect the substantial work by Capstone management during the vesting period to create value for Capstone Shareholders through the Sale Process due to timing.

In light of the above and given the advanced status of the Sale Process, to ensure that the intent of the 2013 Performance Incentives was reflected in the compensation actually received by Capstone management, the Capstone Board determined in December 2015 that if a sale transaction was announced on or prior to February 29, 2016 and subsequently completed, officers holding 2013 Performance Incentives, which would include the Executive Officers, would receive cash payments from Capstone ("**Timing Adjustment Payments**") representing the settlement value of the incremental number of 2013 Performance Incentives that would have vested if the transaction had been announced prior to December 31, 2015 (based on a Total Shareholder Return for Capstone calculated using the volume weighted average trading price of the Common Shares on the TSX for the five trading days following the announcement of the transaction) above the number of 2013 Performance Incentives that actually vested on December 31, 2015. This would result in the same economic effect to holders of 2013 Performance Incentives as if the 2013 Performance Incentives had vested and settled following the date of announcement of a sale transaction. If the Arrangement is completed, the Executive Officers of Capstone will receive an aggregate of approximately $738,275 in Timing Adjustment Payments.

Common Share Holdings and Cash Payments to Executive Officers and Directors of Capstone Pursuant to RSUs, PSUs, and DSUs and Timing Adjustment Payments

The table below sets out for each Executive Officer and director of Capstone and CPC, as at February 8, 2016: (i) the number of Common Shares held, (ii) the amount of cash payable pursuant to the Arrangement for RSUs,

PSUs, and DSUs held in connection with the Arrangement; and (iii) in the case of the Executive Officers, the amount of the Timing Adjustment Payments to be received upon completion of the Arrangement. No Executive Officers or directors of Capstone hold any Class B Units or Debentures.

Common Share Holdings,
Payments to Executive Officers and Directors of Capstone Pursuant to RSUs, PSUs and DSUs and Timing Adjustment Payments

Name, Jurisdiction and Position	Number of Common Shares held[1]	Cash Payment under the Arrangement with respect to PSUs, RSUs, and DSUs ($)	Timing Adjustment Payments ($)
Michael Bernstein (Ontario, Director, President and Chief Executive Officer of Capstone; Director, President and Chief Executive Officer of CPC)	100,000	$3,275,773[2]	$322,022
Michael Smerdon (Ontario, Executive Vice President and Chief Financial Officer of Capstone; Director, Executive Vice President and Chief Financial Officer of CPC)	67,977	$1,071,904	$199,268
Jack Bittan (Ontario, Executive Vice President, Business Development of Capstone; Director and Senior Vice President, Business Development of CPC)	43,146	$725,808	$149,347
Rob Roberti (Ontario, Senior Vice President, Power Generation of Capstone; Senior Vice President, Power Generation of CPC)	12,820	$363,845	$67,641
Richard Knowles (Ontario, Director)	16,600	$93,057	n/a
Goran Mornhed (New York, Director)	9,000	$115,704	n/a
Jerry Patava (Ontario, Director)	30,000	$115,704	n/a
François Roy (Quebec, Director)	10,100	$143,188	n/a
V. James Sardo (Ontario, Director)	50,000	$258,863	n/a
Janet Woodruff (British Columbia, Director)	3,951	$93,057	n/a

Notes:

(1) Includes unvested Common Shares held through Capstone's employee share purchase plan that will vest on the Effective Date in accordance with the terms of the employee share purchase plan.

(2) Includes payments for RSUs Mr. Bernstein previously volunteered to receive in lieu of cash bonus entitlements under the Capstone STIP.

Insurance Indemnification of Directors and Officers of Capstone

The Arrangement Agreement provides that Capstone will, subject to certain limitations, obtain from an insurance carrier with the same or better credit rating as Capstone's current insurance carriers with respect to directors' and officers' liability insurance, and fully pay a single premium for, customary "tail" policies of directors' and officers' liability insurance providing protection for not less than six years from and after the Effective Time and with terms, conditions, retentions and limits of liability that are no less favourable to the directors and officers in the aggregate than the protection provided by the policies maintained by Capstone which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior

to the Effective Date. In addition, the Purchaser has agreed that it will cause Capstone to indemnify each present and former director and officer of Capstone and its subsidiaries and to honour all rights to indemnification or exculpation existing prior to the date of the Arrangement Agreement in favour of present and former employees, officers and directors of Capstone and its subsidiaries to the extent disclosed to the Purchaser prior to the date of the Arrangement Agreement.

Fees of Financial Advisors

Pursuant to the terms of the engagement agreements entered into between the Financial Advisors and Capstone, each of the Financial Advisors is to be paid a fee for its services as financial advisor and provision of its Fairness Opinion to the Capstone Board.

Procedure for Exchange of Certificates by Capstone Securityholders

Enclosed with this Information Circular are forms of Letter of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing Common Shares, Class B Units or Debentures, as applicable, and all other required documents, will enable each Capstone Securityholder (other than Dissenting Holders) to obtain the Consideration, the Capstone 2016 Debenture Consideration and/or the amount payable in respect of the CPC 2017 Debentures, as applicable, that such registered Capstone Securityholder is entitled to receive under the Arrangement.

The forms of Letter of Transmittal contain complete instructions on how to exchange the certificate(s) representing the Common Shares, Class B Units or Debentures, as applicable, for the Consideration, the Capstone 2016 Debenture Consideration and/or the CPC Cash Payment, as applicable, under the Arrangement. A registered Capstone Securityholder will not receive Consideration, the Capstone 2016 Debenture Consideration and/or the amount payable in respect of the CPC 2017 Debentures, as applicable, under the Arrangement until after the Arrangement is completed and the registered Capstone Securityholder has returned their properly completed documents, including the applicable Letter of Transmittal, and the certificate(s) representing the Common Shares, Class B Units or Debentures, as applicable, to the Depositary.

Only registered Capstone Securityholders are required to submit a Letter of Transmittal. **A Beneficial Capstone Securityholder holding Common Shares or Debentures, as applicable, through an Intermediary, should contact that Intermediary for instructions and assistance in depositing certificates representing the Common Shares or Debentures, as applicable, and carefully follow any instructions provided by such Intermediary.**

From and after the Effective Time, all certificates that represented Common Shares or Class B Units immediately prior to the Effective Time will cease to represent any rights with respect to Common Shares or Class B Units, as applicable, and will only represent the right to receive the Consideration or, in the case of Dissenting Holders, the right to receive fair value for their Common Shares. Provided that the Capstone 2016 Debentureholder Approval is obtained from the Capstone 2016 Debentureholders at the Meetings, from and after the Effective Time, all certificates that represented Capstone 2016 Debentures immediately prior to the Effective Time will cease to represent any rights with respect to such Capstone 2016 Debentures and will only represent the right to receive the Capstone 2016 Debenture Consideration. Provided that the CPC 2017 Debentureholder Approval is obtained from the CPC 2017 Debentureholders at the Meetings, from and after the Effective Time, all certificates that represented CPC 2017 Debentures immediately prior to the Effective Time will cease to represent any rights with respect to such CPC 2017 Debentures and will only represent the right to receive for each $1,000 of outstanding principal amount, an amount in cash equal to the sum of (i) $4.90 multiplied by the number of Common Shares equal to the CPC 2017 Debenture Conversion Ratio, (ii) $0.76923 and (iii) any accrued and unpaid interest due. If the Capstone 2016 Debentureholder Approval or the CPC 2017 Debentureholder Approval is not obtained at the Meetings, the Capstone 2016 Debentures or the CPC 2017 Debentures, as applicable, will be excluded from the Arrangement and will be dealt with according to their terms.

A cheque in the amount payable to the former registered Capstone Securityholder who has complied with the procedures set forth above will, as soon as practicable after the Effective Date: (i) be forwarded to the holder at the address specified in the Letter of Transmittal by insured first class mail; or (ii) be made available at the offices of the Depositary for pick-up by the holder as requested by the holder in the Letter of Transmittal.

Any use of mail to transmit certificate(s) representing Common Shares, Class B Units or Debentures, as applicable, and the Letter of Transmittal is at each holder's risk. Capstone recommends that such certificate(s) and other documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used (with proper acknowledgment) and appropriate insurance be obtained.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Securities that were exchanged pursuant to the Plan of Arrangement has been lost, stolen or destroyed, the Capstone Securityholder should contact the Depositary and upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate the aggregate consideration in respect thereof which such holder is entitled to receive pursuant to the Arrangement, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall, as a condition precedent to the delivery of such consideration, give an affidavit (in form and substance reasonably acceptable to the Purchaser) of the claimed loss, theft or destruction of such certificate and a bond or surety satisfactory to the Purchaser and the Depositary (each acting reasonably) in such reasonable and customary sum as the Purchaser may direct, or otherwise indemnify the Purchaser, Capstone and the Depositary in a manner satisfactory to the Purchaser and the Depositary, each acting reasonably, against any claim that may be made against the Purchaser, Capstone and/or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed. See also the instructions in the Letter of Transmittal.

Cancellation of Rights

Any such certificate, agreement or other instrument (as applicable) formerly representing Common Shares, Class B Units or Debentures (assuming such Debentures participate in the Arrangement) not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any holder thereof of any kind or nature against or in Capstone, CPC or the Purchaser. On such date, all consideration to which such former holder was entitled under the Plan of Arrangement shall be deemed to have been surrendered to the Purchaser, together with all entitlements to dividends, distributions and interest thereon held for such former registered holder.

Stock Exchange Listings

Common Shares

It is intended that the Common Shares will be delisted from the TSX after the Effective Date.

The closing price per share of the Common Shares on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement was $3.40, and on February 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price per share of the Common Shares was $4.78.

Capstone 2016 Debentures

It is intended that if the Capstone 2016 Debentures are redeemed and cancelled pursuant to the Arrangement, the Capstone 2016 Debentures will be delisted from the TSX after the Effective Date. If the Capstone 2016 Debentures are not redeemed and cancelled pursuant to the Arrangement, it is expected that the Capstone 2016 Debentures will remain listed for trading on the TSX until such time as they are redeemed according to their terms.

The closing price of the Capstone 2016 Debentures on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement, was $100.75 for each $100 principal amount, and on February 4, 2016, the last full trading day on the TSX on which the Capstone 2016 Debentures were traded before the date of this Information Circular, the closing price of the Capstone 2016 Debentures was $101.25 for each $100 principal amount.

CPC 2017 Debentures

It is intended that if the CPC 2017 Debentures are exchanged and cancelled pursuant to the Arrangement, the CPC 2017 Debentures will be delisted from the TSX after the Effective Date. If the CPC 2017 Debentures are not

exchanged and cancelled pursuant to the Arrangement, it is expected that the CPC 2017 Debentures will remain listed for trading on the TSX until such time as they are redeemed according to their terms and that CPC will continue to be a reporting issuer (or its equivalent) in all provinces of Canada.

The closing price of the CPC 2017 Debentures on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement, was $100.75 for each $100 principal amount, and on February 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price of the CPC 2017 Debentures was $107.00 for each $100 principal amount.

Preferred Shares

The Preferred Shares are not subject to the Arrangement and accordingly will remain outstanding on their terms following completion of the Arrangement. Capstone will continue to be a reporting issuer (or its equivalent) in all provinces and territories of Canada and, following completion of the Arrangement, will continue to be subject to the applicable Canadian Securities Laws of such provinces and territories. The Preferred Shares are listed on the TSX and such listing will not be affected by the Arrangement.

Canadian Securities Law Matters

MI 61-101

Capstone is a reporting issuer (or its equivalent) in all provinces and territories of Canada and accordingly is subject to the applicable Canadian Securities Laws of such provinces and territories that have adopted MI 61-101, being Ontario and Quebec.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" that terminate the interests of securityholders without their consent.

MI 61-101 provides that, in certain circumstances, where a related party of an issuer is entitled to receive a "collateral benefit" in connection with an arrangement transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements. However, the minority approval requirements of MI 61-101 do not apply to related parties who have beneficial ownership of or control or direction over less than 1% of the issuer's outstanding equity securities at the time the transaction was agreed to and where collateral benefits are disclosed in the information circular.

Certain of the Executive Officers and directors of Capstone hold DSUs, PSUs and RSUs. If the Arrangement is completed, the vesting of all DSUs, PSUs and RSUs is to be accelerated and such Executive Officers and directors holding DSUs, PSUs and RSUs are entitled to receive cash payments in respect thereof at the Effective Time. In addition, Employment Agreements with certain officers provide that in the event that an officer's employment is terminated within a specified period of time in connection with a "change of control", the officer is entitled to receive compensation and certain Executive Officers are entitled to Timing Adjustment Payments. See "*The Arrangement — Interests of Certain Persons in the Arrangement*". The accelerated vesting of DSUs, PSUs and RSUs, the compensation payable pursuant to the Employment Agreements and the Timing Adjustment Payments may be considered to be "collateral benefits" received by the applicable Executive Officers and directors of Capstone for the purposes of MI 61-101.

Following disclosure by management of Capstone to the Capstone Board of the number of DSUs, PSUs and RSUs held by officers and directors and the total consideration that they are expected to receive pursuant to the Arrangement, the Capstone Board has determined that the Executive Officers and directors of Capstone, and their associated entities, each beneficially own, or exercise control or direction over, less than 1% of the outstanding Common Shares. Accordingly, such directors and officers will not be considered to have a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of the DSUs, PSUs and RSUs, compensation payable pursuant to the Employment Agreements as a result of the Arrangement or the Timing Adjustment Payments.

Accordingly, the Arrangement is not considered a "business combination" under MI 61-101 and the minority approval requirements of MI 61-101 do not apply to the Arrangement.

See "*The Arrangement — Interests of Certain Persons in the Arrangement*" for detailed information regarding the benefits and other payments to be received by each of the officers and directors in connection with the Arrangement.

RISK FACTORS

Capstone Securityholders should carefully consider the following risks related to the Arrangement. Additional risks and uncertainties, including those currently unknown to or considered immaterial by Capstone may also adversely affect the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement.

Risks Related to the Arrangement

The Arrangement is Subject to Satisfaction or Waiver of Several Conditions

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of the Parties, including obtaining the necessary Court and Required Regulatory Approvals and the satisfaction of customary closing conditions. There can be no certainty that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Moreover, a substantial delay in obtaining satisfactory approvals could result in the Arrangement not being completed. If, for any reason, the Arrangement is not completed, the market price of the Common Shares and the Debentures may be adversely affected.

The Arrangement may be Terminated

The Arrangement Agreement may be terminated by Capstone or the Purchaser in certain circumstances. Accordingly, there is no certainty, nor can Capstone provide any assurance, that the Arrangement Agreement will not be terminated by either Capstone or the Purchaser before the completion of the Arrangement. Failure to complete the Arrangement could materially negatively impact the market price of the Common Shares and the Debentures. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Capstone Board will be able to find a party willing to pay an equivalent or greater price for the Common Shares than the price to be paid pursuant to the terms of the Arrangement Agreement. Certain costs relating to the Arrangement, such as legal, accounting and certain Financial Advisor fees, must be paid by Capstone even if the Arrangement is not completed. In addition, the failure of Capstone to comply with certain terms of the Arrangement Agreement may result in Capstone being required to pay the Termination Fee, the result of which could have a material adverse effect on Capstone's financial position and results of operations and its ability to fund growth prospects and current operations.

Required Equity Securityholder Approvals

The Arrangement requires that the Arrangement Resolution be approved by (i) not less than two-thirds of the votes cast by the Capstone Shareholders present in person or by proxy at the Meetings; and (ii) not less than two-thirds of the votes cast by Capstone Shareholders and holders of Class B Units, voting together as a single class, present in person or by proxy at the Meetings. There can be no certainty, nor can Capstone provide any assurance, that the Required Equity Securityholder Approvals will be obtained. If such approvals are not obtained and the Arrangement is not completed, the market price of the Common Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Capstone Board decides to seek another arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the Consideration to be paid pursuant to the Arrangement. In addition, the failure to obtain the Required Equity Securityholder Approvals may result in Capstone being required to pay an expense fee to the Purchaser of up to $3 million.

Capstone 2016 Debentureholder Approval and CPC 2017 Debentureholder Approval

If the Capstone 2016 Debentureholder Approval or the CPC 2017 Debentureholder Approval is not obtained at the Meetings, the Capstone 2016 Debentures and/or the CPC 2017 Debentures, as the case may be, will be excluded from the Arrangement and will remain outstanding and will continue as unsecured debt obligations of Capstone or CPC, as applicable, following closing of the Arrangement, until such time as they are redeemed according to their terms. If the Capstone 2016 Debentureholder Approval or the CPC 2017 Debentureholder Approval is not obtained the market price of such Debentures, respectively, may be adversely affected. See "*The Arrangement — Arrangement Mechanics — Arrangement Steps*".

Interests of Certain Persons in the Arrangement

Certain officers and directors of Capstone may have interests in the Arrangement that may be different from, or in addition to, the interests of Capstone Securityholders generally including, but not limited to, those interests discussed under the heading "*The Arrangement — Interests of Certain Persons in the Arrangement*". In considering the recommendation of the Capstone Board to vote in favour of the Arrangement Resolution, Capstone Securityholders should consider these interests.

Application of Interim Operating Covenants

Pursuant to the Arrangement Agreement, Capstone has agreed to certain interim operating covenants intended to ensure that Capstone and its subsidiaries carry on business in the ordinary course of business consistent with past practice, except as required or expressly authorized by the Arrangement Agreement. These operating covenants cover a broad range of activities and business practices. Consequently, it is possible that a business opportunity will arise that is out of the ordinary course or is not consistent with past practices, and that Capstone will not be able to pursue or undertake the opportunity due to its covenants in the Arrangement Agreement unless the prior written consent of the Purchaser is obtained (such consent not to be unreasonably withheld, conditioned or delayed).

Rights of Capstone Shareholders after the Arrangement

Following the completion of the Arrangement Capstone Shareholders will no longer have an interest in Capstone, its assets, revenues or profits. In the event that the value of Capstone's assets or business, prior, at or after the Effective Date exceeds the implied value of Capstone under the Arrangement, the Capstone Shareholders will not be entitled to additional consideration for their Common Shares.

Risks Relating to Capstone

If the Arrangement is not completed, Capstone will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in Capstones' Annual Information Form for the year ended December 31, 2014 and the interim Management's Discussion & Analysis for the period ending September 30, 2015 which are available under Capstone's profile on SEDAR at www.sedar.com.

TAX CONSIDERATIONS TO CAPSTONE SECURITYHOLDERS

Certain Canadian Federal Income Tax Considerations

In the opinion of Blake, Cassels & Graydon LLP, counsel to Capstone, the following summary describes the principal Canadian federal income tax considerations in respect of the Arrangement generally applicable to a Capstone Securityholder who, for purposes of the Tax Act, and at all relevant times, deals at arm's length with each of Capstone and the Purchaser and is not affiliated with Capstone or the Purchaser, holds its Securities as capital property, and disposes of such Securities under the Arrangement (a "**Holder**"). Securities will generally be considered to be capital property to a Holder unless the Holder holds such Securities in the course of carrying on a business or the Holder acquired such Securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian resident Holders whose Securities might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Securities (excluding any Class B Units) and all other "Canadian

securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors if they contemplate making such an election.

This summary is based on the current provisions of the Tax Act and the administrative practices and assessing policies of the Canada Revenue Agency ("**CRA**") made publicly available in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practice or assessing policies, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is not applicable to: (a) a Holder that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) a Holder an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) a Holder whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (d) a Holder that acquired Common Shares pursuant to any equity-based employment compensation plan. This summary assumes that all holders of Class B units are Resident Holders (as defined below), and is not applicable to a Non-Resident Holder (as defined below) who disposes of Class B units under the Arrangement. Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Capstone Securityholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Securities under the Arrangement, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax laws. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of the Arrangement to Capstone Securityholders.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

Disposition of Capstone 2016 Debentures under the Arrangement

Under the Arrangement, the Capstone 2016 Debentures will be redeemed in consideration for the Capstone 2016 Debenture Consideration and will be cancelled. A Resident Holder whose Capstone 2016 Debentures are redeemed in accordance with the Arrangement will be considered to have disposed of such Capstone 2016 Debentures for proceeds of disposition equal to such cash payment (less the portion thereof that relates to accrued interest). However, any amount paid in excess of the principal amount of the Capstone 2016 Debentures will be deemed to be interest (and not proceeds of disposition) if it can reasonably be considered to relate to amounts that would have been paid on the Capstone 2016 Debentures as interest had the Capstone 2016 Debentures not been so redeemed. The Resident Holder will realize a capital gain (or capital loss) on the disposition of the Capstone 2016 Debentures equal to the amount by which the holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Capstone 2016 Debentures to the holder immediately prior to the disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Capital Gains and Capital Losses*".

Upon the disposition of a Capstone 2016 Debenture under the Arrangement, interest accrued thereon and paid to the holder thereof to the date of disposition, and the amount of any deemed interest as described in the paragraph above,

must be included in computing the income of the holder for the taxation year in which the Arrangement occurs, except to the extent that such interest was otherwise included in the income of the holder for a previous year.

Disposition of CPC 2017 Debentures under the Arrangement

Under the Arrangement, the CPC 2017 Debentures will be redeemed in consideration for Common Shares and cash as described under the heading "*The Arrangement — Debentures — Effect on CPC 2017 Debentures if the CPC 2017 Debentureholder Approval is Obtained*" and will be cancelled. Resident Holders of CPC 2017 Debentures will then transfer such Common Shares to the Purchaser in exchange for a cash payment of $4.90 per Common Share.

Such a Resident Holder will be considered to have disposed of such CPC 2017 Debentures for proceeds of disposition equal to the fair market value of such Common Shares and cash (less the portion thereof that relates to accrued interest). However, any amount paid in excess of the principal amount of the CPC 2017 Debentures will be deemed to be interest (and not proceeds of disposition) if it can reasonably be considered to relate to amounts that would have been paid on the CPC 2017 Debentures as interest had the CPC 2017 Debentures not been so redeemed. The Resident Holder will realize a capital gain (or capital loss) on the disposition of the CPC 2017 Debentures equal to the amount by which the holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such CPC 2017 Debentures to the holder immediately prior to the disposition. The cost to the Resident Holder of any Common Shares acquired on the exchange will equal the aggregate fair market value, at the time of the exchange, of such Common Shares. If such a Resident Holder separately owns other Common Shares as capital property at that time, the adjusted cost base of all Common Shares owned by the Resident Holder as capital property immediately after the exchange will be determined by averaging the cost of Common Shares acquired on the exchange with the adjusted cost base of those other Common Shares. The tax consequences described under the heading "*Holders Resident in Canada — Disposition of Common Shares Under the Arrangement*" will apply to Resident Holders of CPC 2017 Debentures in respect of their disposition of Common Shares acquired upon the exchange described in this paragraph. Taxation of capital gains and capital losses is discussed below under the heading "*Capital Gains and Capital Losses*".

Upon the disposition of a CPC 2017 Debenture under the Arrangement, interest accrued thereon and paid to the holder thereof to the date of disposition, and the amount of any deemed interest as described in the paragraph above, must be included in computing the income of the holder for the taxation year in which the Arrangement occurs, except to the extent that such interest was otherwise included in the income of the holder for a previous year.

Disposition of Class B units under the Arrangement

Under the Arrangement, Resident Holders of Class B units will transfer their Class B units to the Purchaser in consideration for a cash payment of $4.90 per Class B unit, and will realize a capital gain (or a capital loss) equal to the amount by which the aggregate cash payment exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Class B units and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Capital Gains and Capital Losses*".

Disposition of Common Shares under the Arrangement

Under the Arrangement, Resident Holders (other than dissenting Resident Holders of Common Shares) will transfer their Common Shares to the Purchaser in consideration for a cash payment of $4.90 per Common Share, and will realize a capital gain (or a capital loss) equal to the amount by which the aggregate cash payment exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Common Shares and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading "*Capital Gains and Capital Losses*".

Dissenting Resident Holders of Common Shares

A Resident Holder who dissents from the Arrangement (a "**Dissenting Resident Holder**") will be deemed to have transferred such Dissenting Resident Holder's Common Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Dissenting Resident Holder's Common Shares.

A Dissenting Resident Holder of Common Shares who exercises the right of dissent in respect of the Arrangement and is entitled to be paid the fair value of their Common Shares by the Purchaser will realize a capital gain (or capital loss) to the extent that such payment (other than any portion thereof that is interest awarded by a court) exceeds (or is less than) the aggregate of the adjusted cost base of the Common Shares to the Dissenting Resident Holder and reasonable costs of the disposition. See "*Capital Gains and Capital Losses*". A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Resident Holders who intend to dissent from the Arrangement are urged to consult their own tax advisors.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains 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 in the circumstances described in the Tax Act.

In the case of a Resident Holder that is a corporation, trust or partnership, the amount of any capital loss otherwise resulting from the disposition of Common Shares may be reduced by the amount of dividends previously received or deemed to be received to the extent and under the circumstances prescribed in the Tax Act.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Additional Refundable Tax

A Resident Holder, including a Dissenting Resident Holder, that is throughout the year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains and interest.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and has not been a resident or deemed to be a resident of Canada and does not use or hold, and is not deemed to use or hold, Securities in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Disposition of Capstone 2016 Debentures under the Arrangement

A Non-Resident Holder of Capstone 2016 Debentures will not be subject to tax under the Tax Act in respect of any capital gain (and will not be entitled to deduct any amount in respect of any capital loss) realized on the disposition of Capstone 2016 Debentures under the Arrangement unless such Capstone 2016 Debentures constitute "taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property". See the discussion below under the heading "*Taxable Canadian Property*".

Any interest paid or deemed to be paid to a Non-Resident Holder under the Arrangement in respect of Capstone 2016 Debentures will not be subject to Canadian withholding tax.

Disposition of CPC 2017 Debentures under the Arrangement

A Non-Resident Holder of CPC 2017 Debentures that are disposed of under the Arrangement will be deemed to have disposed of such CPC 2017 Debentures for proceeds of disposition equal to the aggregate of the fair market value of the Common Shares plus the amount of cash (being $0.76923 for every $1,000 of principal amount) received in exchange for such CPC 2017 Debentures, except to the extent any such amount is deemed to constitute

interest. A Non-Resident Holder of CPC 2017 Debentures will not be subject to tax under the Tax Act in respect of any capital gain (and will not be entitled to deduct any amount in respect of any capital loss) realized on the disposition of CPC 2017 Debentures under the Arrangement unless such CPC 2017 Debentures constitute "taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property". See the discussion below under the heading "*Taxable Canadian Property*".

Withholding tax generally does not apply under the Tax Act on interest paid or credited to non-residents of Canada with whom the payor deals at arm's length. However, Canadian withholding tax at a rate of 25% does apply to payments of "participating debt interest". For purposes of the Tax Act, participating debt interest is generally interest that is paid on an obligation where such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any similar criterion.

Under the Tax Act, when a debenture or other debt obligation issued by a person resident in Canada is assigned or otherwise transferred by a non-resident person to a person resident in Canada (which would include a conversion of the obligation or payment on maturity), the amount, if any, by which the price for which the obligation was assigned or transferred exceeds the price for which the obligation was issued is deemed to be a payment of interest on that obligation made by the person resident in Canada to the non-resident (an "excess"). This deeming rule does not apply in respect of certain "excluded obligations", although it is not clear whether a CPC 2017 Debenture would qualify as an "excluded obligation". If a CPC 2017 Debenture is not an "excluded obligation", it is unclear as to whether any excess would be considered to exist, and whether any such excess which is deemed to be interest is "participating debt interest".

The CRA has previously stated that no excess, and therefore no participating debt interest, generally would arise on the conversion of a "traditional convertible debenture" and, therefore, there would be no withholding tax in such circumstances (provided that the payor and payee deal at arm's length for purposes of the Tax Act). More recently, the CRA has stated that if there were an excess on the conversion of a "standard convertible debenture", generally such excess, if any, would not be "participating debt interest". The CRA has published guidance on what it believes to be a "standard convertible debenture" for these purposes (which includes a "traditional convertible debenture"). The CPC 2017 Debentures do not meet the criteria set forth in CRA's published guidance for "standard convertible debentures", and the CRA guidance specifically leaves uncertain the treatment of exchangeable debentures such as the CPC 2017 Debentures. While there are good arguments in favour of the position that no "participating debt interest" should be deemed to arise as a result of the disposition of CPC 2017 Debentures under the Arrangement, the matter is not free from doubt. As a result of this uncertainty, CPC and the Company intend to withhold (or to provide instructions to effect withholding) from payments made to a Non-Resident Holder that disposes of CPC 2017 Debentures and the Common Shares received in exchange for CPC 2017 Debentures under the Arrangement an amount equal to 25% of the amount by which the fair market value of the Common Shares and the cash consideration received in exchange for CPC 2017 Debentures exceeds the principal amount of such debentures. A Non-Resident Holder from whom an amount has been withheld (if any) may be entitled to apply for a refund of such amount from the CRA on the basis (i) that no participating debt interest was paid or deemed to have been paid upon the exchange or (ii) that the Non-Resident Holder is entitled to an exemption from, or a reduced rate of, withholding under an applicable income tax convention or treaty between Canada and the country in which the Non-Resident Holder is resident. Such Non-Resident Holders should consult their own tax advisors.

Any regular accrued interest paid or deemed to be paid to a Non-Resident Holder under the Arrangement in respect of CPC 2017 Debentures will not be subject to Canadian withholding tax.

Disposition of Common Shares under the Arrangement

A Non-Resident Holder who disposes of Common Shares under the Arrangement will realize a capital gain or a capital loss computed in the manner described above under the heading "*Holders Resident in Canada — Disposition of Common Shares under the Arrangement*". A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain, or entitled to deduct any capital loss, realized on the disposition of Common Shares to the Purchaser under the Arrangement unless such Common Shares constitute "taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property". See the discussion below under the heading "*Taxable Canadian Property*".

Taxable Canadian Property

Generally, the Common Shares and Debentures will not be taxable Canadian property to a Non-Resident Holder at the time of disposition provided that: (a) the Common Shares are listed on a designated stock exchange (which includes the TSX) within the meaning of the Tax Act; (b) the Non-Resident Holder, persons with whom the Non-Resident Holder does not deal at arm's length, or the Non-Resident Holder together with such persons, did not own 25% or more of the issued Common Shares at any time during the 60-month period immediately preceding that time; and (c) such Securities are not deemed to be taxable Canadian property for purposes of the Tax Act.

Even if such Securities are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of such Securities will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Securities constitute "treaty-protected property". Securities owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such Securities would, because of an applicable income tax treaty, be exempt from tax under the Tax Act. In the event that Securities constitute taxable Canadian property but not treaty-protected property to a particular Non-Resident Holder, the tax consequences as described above under "*Holders Resident in Canada — Disposition of Capstone 2016 Debentures Under the Arrangement*", "*Holders Resident in Canada — Disposition of Common Shares Under the Arrangement*" and "*Holders Resident in Canada — Capital Gains and Capital Losses*" will generally apply. A Non-Resident Holder who disposes of taxable Canadian property that is not treaty protected property must file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

Dissenting Non-Resident Holders

A Non-Resident Holder of Common Shares who dissents from the Arrangement (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Dissenting Non-Resident Holder's Common Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Dissenting Non-Resident Holder's Common Shares. Non-Resident Holders who intend to dissent from the Arrangement are urged to consult their own tax advisors.

Dissenting Non-Resident Holders will generally be subject to the same treatment described above under the heading "*Disposition of Common Shares under the Arrangement*".

Any interest paid or deemed to be paid to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax.

INFORMATION CONCERNING ICON, THE PARENT AND THE PURCHASER

The information concerning iCON, the Parent and the Purchaser contained in this Information Circular has been provided by the Purchaser for inclusion in this Information Circular. Although Capstone has no knowledge that any statement contained herein taken from, or based on, such information and records or information provided by the Purchaser are untrue or incomplete, Capstone assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by the Purchaser to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Capstone.

iCON Infrastructure LLP

iCON Infrastructure LLP ("**iCON**") was established as a legal entity in 2011, after the iCON team had operated together since 2004. Headquartered in London, United Kingdom, iCON is an independent investment firm focused on investments in infrastructure businesses across Europe and North America. iCON's funds other than the Parent invest in a diversified portfolio of assets in the energy, regulated utilities and transportation sectors across Europe and North America. Since its founding, iCON has been responsible for the deployment of over €2.5 billion of capital into infrastructure enterprises with a total capitalization of €10 billion. iCON currently has over €1 billion under management. iCON is wholly owned by a number of its executives and is authorized and regulated by the UK Financial Conduct Authority. Further information in relation to iCON Infrastructure and its investments is available at www.iconinfrastructure.com.

The Parent

The Parent is an infrastructure investment fund established in 2015 and focused on acquiring and managing a diversified range of infrastructure assets in Europe and North America. The Parent currently has approximately €800 million in commitments from a diversified group of institutional investors from across the world. The Parent's limited partners represent a spread of institutional investors including public and private pension funds, insurance companies, asset managers and sovereign wealth investors drawn from Europe, North America, the Middle East and Asia. The managing general partner of the Parent is iCON Infrastructure Management III Limited ("**iCON GP**"), which is a wholly-owned subsidiary of iCON. iCON GP is incorporated and registered in Guernsey and is authorized and regulated by the Guernsey Financial Services Commission. The Parent's limited partners are passive investors – all investment decision-making is controlled by iCON GP, advised by iCON.

The Purchaser

The Purchaser is a corporation existing under the laws of the Province of British Columbia. It is a subsidiary of the Parent that was incorporated for the purposes of effecting the Arrangement.

The registered office of the Purchaser is located at 700 W Georgia St. #25, Vancouver, BC V7Y 1B3.

INFORMATION CONCERNING CAPSTONE

General

Capstone's mission is to provide investors with an attractive total return from responsibly managed long-term investments in core infrastructure in Canada and internationally. Capstone's strategy is to develop, acquire and manage a portfolio of high quality utilities, power and transportation businesses, and public-private partnerships that operate in a regulated or contractually-defined environment and generate stable cash flow. Capstone currently has investments in utilities businesses in Europe and owns, operates and develops thermal and renewable power generation facilities in Canada with a total installed capacity of net 468 megawatts. Further information in relation to Capstone is available at www.capstoneinfrastructure.com.

Capstone is a reporting issuer or the equivalent in all provinces and territories of Canada and files its continuous disclosure documents with the relevant Canadian securities regulatory authorities. Such documents are available at www.sedar.com.

Price Range and Trading Volumes of Common Shares

Common Shares

The Common Shares are listed on the TSX under the symbol "CSE". The following table sets forth the high and low sales prices per outstanding Common Share and trading volumes for the outstanding Common Shares on the TSX for the periods indicated:

	High ($)	Low ($)	Trading Volume
2015			
February	3.48	3.10	1,983,546
March	3.72	3.20	2,544,158
April	3.73	3.43	1,894,182
May	3.785	3.01	3,870,706
June	3.25	2.98	2,114,573
July	3.25	2.95	2,390,823
August	3.36	2.82	2,552,787
September	3.27	3.00	1,693,637
October	3.32	3.05	1,587,026
November	3.76	2.96	4,781,045
December	3.78	3.34	3,256,081
2016			
January	4.83	3.20	18,837,736
February 1-8	4.83	4.76	1,803,912

The Consideration represents a 44% premium on the closing price per share, being $3.40, of the Common Shares on January 19, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement.

Capstone 2016 Debentures

The Capstone 2016 Debentures are listed on the TSX under the symbol "CSE.DB.A". The following table sets forth the high and low sales prices per outstanding Capstone 2016 Debenture and trading volumes for the outstanding 2016 Capstone Debentures on the TSX for the periods indicated:

	High ($)	**Low ($)**	**Trading Volume**
2015			
February	101.80	100.75	1,500
March	101.81	100.80	2,120
April	101.55	100.50	4,820
May	102.26	100.50	3,500
June	102.50	100.26	4,700
July	101.51	100.30	4,180
August	101.31	100.49	2,600
September	101.00	100.25	3,740
October	101.01	100.75	2,040
November	101.55	101.00	4,580
December	101.55	100.00	4,060
2016			
January	101.45	100.10	16,660
February 1-8	101.26	101.25	350

CPC 2017 Debentures

The CPC 2017 Debentures are listed on the TSX under the symbol "CPW.DB". The following table sets forth the high and low sales prices per outstanding CPC 2017 Debenture and trading volumes for the outstanding CPC 2017 Debentures on the TSX for the periods indicated:

	High ($)	**Low ($)**	**Trading Volume**
2015			
February	102.50	101.22	2,690
March	102.00	101.00	13,720
April	102.25	101.51	6,410
May	102.01	101.50	13,280
June	102.00	101.50	1,510
July	102.51	101.75	890
August	102.50	101.26	5,970
September	102.75	101.27	3,100
October	102.75	101.52	1,760
November	102.65	102.00	2,350
December	102.10	101.20	1,280
2016			
January	107.00	100.75	26,280
February 1-8	107.00	106.51	2,987

Prior Sales

Except pursuant to the terms of the DRIP, during the 12-month period prior to the date of this Circular, Capstone has not issued any Common Shares. Under the DRIP 807,425 Common Shares were issued during the 12-month period prior to the date of this Circular.

Auditor

The auditor of Capstone is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Toronto, Ontario.

DISSENTING CAPSTONE SHAREHOLDER RIGHTS

The following is a summary of the provisions of the BCBCA relating to a Capstone Shareholder's dissent and appraisal rights in respect of the Arrangement Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Dissenting Holder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by reference to the full text of Sections 237 to 247 of the BCBCA, which is attached to this Information Circular as Appendix G, as modified by Article 3 of the Plan of Arrangement and the Interim Order.

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Holder should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 to 247 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, may result in the loss of all Dissent Rights.

The Interim Order expressly provides registered holders of Common Shares with the right to dissent with respect to the Arrangement Resolution. Each Dissenting Holder is entitled to be paid the fair value (determined as of the close of business on the day before the Arrangement Resolution was adopted at the Meetings) of all, but not less than all, of the holder's Common Shares, provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective.

In many cases, Common Shares beneficially owned by a holder are registered either (a) in the name of an Intermediary that the Beneficial Capstone Shareholder deals with in respect of such shares or (b) in the name of a depository, such as CDS, of which the Intermediary is a participant. Accordingly, a Beneficial Capstone Shareholder will not be entitled to exercise his, her or its rights of dissent directly (unless the Common Shares are reregistered in the Beneficial Capstone Shareholder's name).

With respect to Common Shares in connection to the Arrangement, pursuant to the Interim Order, a registered Capstone Shareholder may exercise rights of dissent under Section 237 to Section 247 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order; provided that, notwithstanding Section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution must be received from Capstone Shareholders who wish to dissent by Capstone not later than 5:00 p.m. (Toronto time) two Business Days immediately preceding the date of the Meetings. Capstone's address for such purpose is Capstone c/o Blake, Cassels & Graydon LLP, Suite 2600, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, Attention: Sean Boyle.

To exercise Dissent Rights, a Capstone Shareholder must dissent with respect to all Common Shares of which it is the registered owner. A registered Capstone Shareholder who wishes to dissent must deliver written notice of dissent to Capstone as set forth above and such notice of dissent must strictly comply with the requirements of Section 242 of the BCBCA. **Any failure by Capstone Shareholder to fully comply with the provisions of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, may result in the loss of that holder's Dissent Rights.** Beneficial Capstone Shareholders who wish to exercise Dissent Rights must cause the registered Capstone Shareholder holding their Common Shares to deliver the notice of dissent.

To exercise Dissent Rights, a registered Capstone Shareholder must prepare a separate notice of dissent for him, her or itself, if dissenting on his, her or its own behalf, and for each other Beneficial Capstone Shareholder who beneficially owns Common Shares registered in the Capstone Shareholder's name and on whose behalf the Capstone Shareholder is dissenting; and must dissent with respect to all of the Common Shares registered in his, her or its name or if dissenting on behalf of a Beneficial Capstone Shareholder, with respect to all of the Common Shares registered in his, her or its name and beneficially owned by the Beneficial Capstone Shareholder on whose behalf the Capstone Shareholder is dissenting. The notice of dissent must set out the number of Common Shares in respect of which the Dissent Rights are being exercised (the "**Notice Shares**") and: (a) if such Common Shares constitute all of the Common Shares of which the Capstone Shareholder is the registered and beneficial owner and the Capstone Shareholder owns no other Common Shares beneficially, a statement to that effect; (b) if such Common Shares constitute all of the Common Shares of which the Capstone Shareholder is both the registered and beneficial owner,

but the Capstone Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the registered Capstone Shareholders, the number of Common Shares held by each such registered Capstone Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other Common Shares; or (c) if the Dissent Rights are being exercised by a registered Capstone Shareholder who is not the beneficial owner of such Common Shares, a statement to that effect and the name of the Beneficial Capstone Shareholder and a statement that the registered Capstone Shareholder is dissenting with respect to all Common Shares of the Beneficial Capstone Shareholder registered in such registered holder's name.

If the Arrangement Resolution is approved, and Capstone notifies a registered holder of Notice Shares of Capstone's intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, in order to exercise Dissent Rights, such Capstone Shareholder must, within one month after Capstone gives such notice, send to Capstone a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given notice of dissent. Such written notice must be accompanied by the certificate or certificates representing those Notice Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the Capstone Shareholder on behalf of a Beneficial Capstone Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Capstone Shareholder becomes a Dissenting Holder, and is bound to sell and the Purchaser is bound to purchase those Common Shares. Such Dissenting Holder may not vote, or exercise or assert any rights of a Capstone Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order.

Dissenting Holders who are:

(i) ultimately entitled to be paid fair value for their Common Shares, will be paid an amount equal to such fair value by the Purchaser, and will be deemed to have transferred such Common Shares as of the Effective Time to the Purchaser, without any further act or formality, and free and clear of all liens, claims and encumbrances; or

(ii) ultimately not entitled, for any reason, to be paid fair value for their Common Shares, will be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-Dissenting Holder and will be entitled to receive the Consideration from the Purchaser in the same manner as such non-Dissenting Holder.

If a Dissenting Holder is ultimately entitled to be paid by the Purchaser for their Notice Shares, such Dissenting Holder may enter an agreement with the Purchaser for the fair value of such Notice Shares. If such Dissenting Holder does not reach an agreement with the Purchaser, such Dissenting Holder, or the Purchaser, may apply to the Court, and the Court may determine the payout value of the Notice Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on the Purchaser to make application to the Court. The Dissenting Holder will be entitled to receive the fair value that the Common Shares had as of the close of business on the day before the Arrangement Resolution was adopted at the Meetings, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). After a determination of the fair value of the Notice Shares, the Purchaser must then promptly pay that amount to the Dissenting Holder.

In no circumstances will the Purchaser, Capstone or any other Person be required to recognize a Person as a Dissenting Holder: (i) unless such Person is the registered holder of those Common Shares in respect of which Dissent Rights are sought to be exercised immediately prior to the Effective Time; (ii) if such Person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Arrangement Resolution; or (iii) unless such Person has strictly complied with the procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order and does not withdraw such notice of dissent prior to the Effective Time.

In no circumstances will the Purchaser, Capstone or any other Person be required to recognize a Dissenting Holder as the holder of any Common Share in respect of which Dissent Rights have been validly exercised and not withdrawn at and after the completion of the steps contemplated in Section 2.3(h) of the Plan of Arrangement, and the names of such Dissenting Holders shall be removed from the register of holders of Common Shares in respect of

the Common Shares for which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(h) of the Plan of Arrangement occurs.

In addition to any other restrictions under Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Incentive Securities, holders of Preferred Shares, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders; and (ii) Capstone Shareholders who vote or have instructed a proxyholder to vote Common Shares in favour of the Arrangement Resolution (but only in respect of such Common Shares).

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Holder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Arrangement Resolution, or the Dissenting Holder withdraws the notice of dissent with the Purchaser's written consent. If any of these events occur, the Purchaser must return the share certificates representing the Common Shares to the Dissenting Holder and the Dissenting Holder regains the ability to vote and exercise its rights as a Capstone Shareholder.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. **A Capstone Shareholder who intends to exercise Dissent Rights must strictly adhere to the procedures established in Sections 237 to 247 of the BCBCA, as modified by Article 3 of the Plan of Arrangement and the Interim Order, and failure to do so may result in the loss of all Dissent Rights**. Persons who are beneficial shareholders of Common Shares registered in the name of an Intermediary, or in some other name, who wish to exercise Dissent Rights should be aware that only the registered owner of such Common Shares is entitled to dissent.

Accordingly, each Capstone Shareholder wishing to avail himself, herself or itself of the Dissent Rights should carefully consider and comply with the provisions of the Interim Order and Sections 237 to 247 of the BCBCA, which are attached to this Information Circular as Appendices B and F, respectively, and seek his, her or its own legal advice.

INFORMATION CONCERNING THE MEETINGS

Purpose of the Meetings

This Information Circular is furnished in connection with the solicitation of proxies by the management of Capstone and CPC for use at the Meetings. At the Meetings, Capstone Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders will consider and vote upon the Arrangement Resolution and such other business as may properly come before the Meetings.

Following receipt of advice and assistance of the Financial Advisors and legal counsel, the Capstone Board carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of Capstone; (ii) determined, based upon, among other things, the Fairness Opinions of the Financial Advisors, that the consideration to be received under the Arrangement by each of the Capstone Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders is fair from a financial point of view to such securityholders, respectively; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Capstone Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders vote <u>FOR</u> the Arrangement Resolution. See "*The Arrangement — Background to the Arrangement and Reasons for the Recommendation" and "The Arrangement — Recommendation of the Capstone Board*".

The board of directors of CPC carefully evaluated the terms of the proposed Arrangement and unanimously: (i) determined that the Arrangement is in the best interests of CPC; (ii) determined, based upon, among other things, the Fairness Opinions of the Financial Advisors received by the Capstone Board and the Board Recommendation, that the consideration to be received under the Arrangement by the CPC 2017 Debentureholders is fair from a financial point of view to such securityholders; and (iii) resolved to recommend that CPC 2017 Debentureholders vote <u>FOR</u> the Arrangement Resolution.

Date, Time and Place of Meetings

The Meetings will be held at 10:00 a.m. (Toronto time) on March 10, 2016 at One King West Hotel, Room 1400, 1 King Street West, Toronto, Ontario, for the purposes set forth in the accompanying Joint Notice of Special Meetings of Securityholders. The sole purpose of the Meetings is for Capstone Shareholders, holders of Class B Units, Capstone 2016 Debentureholders and CPC 2017 Debentureholders to consider and, if deemed advisable, approve the Arrangement Resolution.

The Capstone Board fixed the close of business (Toronto time) on January 22, 2016 for the Capstone Shareholders, holders of Class B Units and CPC 2017 Debentureholders and the close of business (Toronto time) on February 3, 2016 for the Capstone 2016 Debentureholders for the determination of Capstone Securityholders that will be entitled to receive notice of and vote at the Meetings, and any adjournment or postponement of the Meetings. See "*Information Concerning the Meetings — Voting Shares and Principal Holders Thereof*".

General

This Information Circular is furnished in connection with the solicitation of proxies by the management of Capstone and CPC for use at the Meetings at the place and for the purposes set out in the accompanying Joint Notice of Special Meetings of Securityholders.

Capstone Shareholders, holders of Class B Units and Debentureholders who are unable to attend the Meetings are requested to complete, date, sign and return the enclosed Form of Proxy or Voting Instruction Form so that as large a representation as possible may be had at the Meetings.

Capstone Shareholders, holders of Class B Units and Debentureholders are requested to complete and submit either the accompanying: (a) Form of Proxy to Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, no later than 10:00 a.m. (Toronto Time) on March 8, 2016, or 48 hours (not including Saturdays, Sundays and holidays) prior to the commencement of any adjournment or postponement of the Meetings (or otherwise in accordance with the instructions printed on the Form of Proxy); or (b) Voting Instruction Form in accordance with the instructions printed on the Voting Instruction Form.

The solicitation of proxies is intended to be primarily by mail but may also be made by telephone, fax transmission or other electronic means of communication or in person by the directors, officers and employees of Capstone. The cost of such solicitation will be borne by Capstone. The Purchaser may also assist with the solicitation of proxies as requested by Capstone. The total cost of soliciting proxies and mailing the materials in connection with the Meetings will be borne by Capstone. In addition, Capstone has retained D.F. King Canada to assist it in connection with communicating to Capstone Securityholders in respect of the Arrangement. In connection with these services, D.F. King Canada is expected to receive a fixed fee for services provided, an additional fee contingent on the Capstone 2016 Debentureholder Approval and the CPC 2017 Debentureholder Approval being obtained, plus a fee per call with retail holders of Debentures, such fees estimated to be approximately $45,000, assuming the Capstone 2016 Debentureholder Approval and CPC 2017 Debentureholder Approval are obtained, plus the aggregate amount of the per call fees in connection with calls with retail holders of Debentures. D.F. King Canada will also be reimbursed for its reasonable out-of-pocket expenses.

Solicitation and Appointment of Proxies

The individuals named in the accompanying forms of proxy (the "Named Proxyholders") are officers and/or directors of Capstone or CPC, as applicable. A Capstone Securityholder wishing to appoint some other Person (who need not be a Capstone Securityholder) to represent the Capstone Securityholder at the Meetings may either insert the Person's name in the blank space provided in the Form of Proxy or Voting Instruction Form.

In order to be effective, a Form of Proxy must be received by Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department) no later than 10:00 a.m. (Toronto time) on March 8, 2106, or 48 hours (not including Saturdays, Sundays and holidays) prior to the commencement of any adjourned or postponed Meetings. A completed Voting Instruction Form must be returned in

accordance with the instructions printed on the form. A Form of Proxy or Voting Instruction Form may also be completed and submitted over the telephone or through the Internet in accordance with the instructions printed on the form. Notwithstanding the foregoing, the chair of the Meetings has the sole discretion to accept proxies received after such deadline but is under no obligation to do so.

Revocation of Proxies

To revoke voting instructions, a Beneficial Capstone Securityholder should follow the procedures provided by the CDS Participant through which the Beneficial Capstone Securityholder holds Common Shares or Debentures.

In addition to revocation in any other manner permitted by law, a registered Capstone Securityholder may revoke a proxy by depositing an instrument in writing executed by the registered Capstone Securityholder or the registered Capstone Securityholder's attorney authorized in writing or, if the registered Capstone Securityholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation, with Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, (Attention: Proxy Department), at any time up to and including 10:00 a.m. (Toronto Time) on March 8, 2016 or, if the Meetings are adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any reconvened meeting, or with the chairman of the Meetings prior to the commencement of the Meetings on March 10, 2016 or any postponement or adjournment thereof.

Voting of Proxies

The accompanying Form of Proxy and Voting Instruction Form confer discretionary authority on the Persons named in it as proxies with respect to any amendments or variations to the matters identified in the Joint Notices of Special Meetings of Securityholders or other matters that may properly come before the Meetings, or any adjournment or postponement thereof, and the Named Proxyholders in your properly executed Form of Proxy or Voting Instruction Form will vote on such matters in accordance with their judgment. At the date of this Circular, management of Capstone is not aware of any such amendments, variations or other matters which are to be presented for action at the Meetings.

If the instructions in a proxy given to Capstone's management are specified, the Securities represented by such proxy will be voted IN FAVOUR or AGAINST in accordance with your instructions on any poll that may be called for.

IF A CHOICE IS NOT CLEARLY SPECIFIED IN THE PROXY, CAPSTONE SECURITIES WILL BE VOTED <u>FOR</u> THE ARRANGEMENT RESOLUTION.

Currency Election

If you are a registered Capstone Shareholder, you will receive the Consideration per Common Share in Canadian dollars unless you exercise the right to elect in your Letter of Transmittal to receive the Consideration per Common Share in respect of your Common Shares in U.S. dollars. If you do not make an election in your Letter of Transmittal, you will receive payment in Canadian dollars.

If you are a non-registered Capstone Shareholder, you will receive the Consideration per Common Share in Canadian dollars unless you contact the intermediary in whose name your Common Shares are registered and request that the intermediary make an election on your behalf. If your intermediary does not make an election on your behalf, you will receive payment in Canadian dollars.

The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars will be the rate available from Computershare Trust Company of Canada, in its capacity as foreign exchange service provider, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the Capstone Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

Voting Shares and Principal Holders Thereof

As at the applicable Record Date there were 94,396,092 Common Shares and 3,249,390 Class B Units issued and outstanding. In addition, Capstone had $42,749,000 aggregate principal amount of Capstone 2016 Debentures and $27,428,000 aggregate principal amount of CPC 2017 Debentures outstanding as at the applicable Record Date. Each Capstone Shareholder and holder of Class B Units will be entitled to one vote for each Common Share or Class B Unit held, each Capstone 2016 Debentureholder will be entitled to one vote for each $1,000 principal amount of Capstone 2016 Debentures held and each CPC 2017 Debentureholder will be entitled to one vote for each $1,000 principal amount of CPC 2017 Debentures held.

The following table sets forth the only person who, as of the date of this Information Circular, to the knowledge of management of Capstone and the Capstone Board, beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities[(1)]:

Name	Number of Common Shares	Percentage of Common Shares
Kleinwort Benson Investors Dublin Ltd.	12,278,558	13.01%

Note:

(1) Based on public filings made under Canadian securities legislation.

The Capstone Board fixed the close of business (Toronto time) on January 22, 2016 for the Capstone Shareholders, holders of Class B Units and CPC 2017 Debentureholders and the close of business (Toronto time) on February 3, 2016 for the Capstone 2016 Debentureholders that will be entitled to receive notice of and vote at the Meetings, and any adjournment or postponement of the Meetings. Only Capstone Securityholders whose names have been entered in the applicable register of Capstone Securityholders at the close of business on the applicable Record Date are entitled to receive notice of, and to vote at, the Meetings.

Advice to Beneficial Holders of Securities

Capstone uses an electronic book-based registration system through which all of the Common Shares and Debentures are held. Under this system, the only registered Capstone Shareholders, Capstone 2016 Debentureholders and CPC 2017 Debentureholders are CDS, as nominee for CDS Clearing and Depository Services Inc. (collectively, "**CDS**"), and Computershare Investor Services Inc. (as trustee for the unexchanged common shareholders of Renewable Energy Developers Inc.). CDS acts as a clearing agent for its participants (each a "**CDS Participant**"), which include banks, trust companies, securities dealers or brokers and trustees of or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans.

If you hold Common Shares or Debentures through a CDS Participant, you are a Beneficial Capstone Securityholder and your securities can only be voted (for, against or withheld from voting on resolutions, as applicable) by CDS (the registered holder) in accordance with your instructions.

Accordingly, in addition to the Joint Notice of Special Meeting of Securityholders accompanying this Information Circular, you will also receive (depending on the particular CDS Participant through which you hold your Securities), a:

(i) Form of Proxy (that has already been signed or stamped with the signature of your CDS Participant), which you must complete and return in accordance with the instructions printed on the form, or

(ii) Voting Instruction Form, which you must complete and return in accordance with the instructions printed on the form.

It is important that you complete and return your Form of Proxy or Voting Instruction Form in advance of the Meetings in accordance with the instructions printed on the form in order to ensure that your Securities are properly voted at the Meetings.

All holders of Common Shares or Debentures other than CDS and Computershare Investor Services Inc. (as trustee for the unexchanged common shareholders of Renewable Energy Developers Inc.) are Beneficial Capstone Securityholders (or non-registered holders). Their Common Shares or Debentures are registered in the name of an Intermediary, such as a bank, trust company, securities broker, trustee, custodian or other nominee who holds the shares on their behalf, or in the name of a clearing agency in which the Intermediary is a participant (such as CDS). Intermediaries have obligations to forward Meetings materials to the Beneficial Capstone Shareholders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions). If you wish to vote your Common Shares or Debentures in person at the Meetings, you must enter your own name in the blank space on the Form of Proxy or Voting Instruction Form under the heading "Appointment of Proxyholder" and return the form in advance of the Meetings according to the instructions printed on the form.

If you have any questions respecting the voting of Securities held through an Intermediary, please contact that Intermediary for assistance or D.F. King Canada, our information and proxy solicitation agent, using the contact information provided in this Information Circular.

Procedure and Votes Required

The Interim Order provides that each Capstone Securityholder at the close of business on the applicable Record Date will be entitled to receive notice of, to attend and to vote on the Arrangement Resolution at the Meetings. Each such Capstone Securityholder will be entitled to vote in accordance with the provisions set out below.

Pursuant to the Interim Order:

- each Capstone Shareholder will be entitled to one vote for each Common Share held;
- each holder of Class B Units will be entitled to one vote for each Class B Unit held;
- each Capstone 2016 Debentureholder will be entitled to one vote in respect of each $1,000 principal amount of Capstone 2016 Debentures held;
- each CPC 2017 Debentureholder will be entitled to one vote in respect of each $1,000 principal amount of CPC 2017 Debentures held;
- the quorum at the Meetings in respect of Capstone Shareholders shall be two (2) Persons who are, or who represent by proxy, Capstone Shareholders who, in the aggregate, hold at least 10% of the Common Shares entitled to be voted at the Meetings;
- the quorum at the Meetings in respect of the Capstone 2016 Debentureholders shall be Capstone 2016 Debentureholders present in person or represented by proxy at the Meetings holding or representing by proxy not less than 25% of the principal amount of the Capstone 2016 Debentures outstanding;
- the quorum at the Meetings in respect of the CPC 2017 Debentureholders shall be CPC 2017 Debentureholders present in person or represented by proxy at the Meetings holding or representing by proxy not less than 25% of the principal amount of the CPC 2017 Debentures outstanding;
- if within 30 minutes from the time set for the holding of the Meetings a quorum in respect of the Capstone Shareholders is not present, the Meetings shall stand adjourned to the same day in the next week (if a Business Day) at the same time and place and, if such day is a not a Business Day, the Meetings shall be adjourned to the next Business Day following one week after the day appointed for the Meetings at the same time and place, and if at such adjourned meeting a quorum is not present within 30 minutes from the time set for the holding of the meeting, the Person or Persons present and being, or representing by proxy, one or more Capstone Shareholders entitled to attend and vote at the meeting shall constitute a quorum; and
- notwithstanding the terms of the Capstone 2016 Debenture Indenture and the CPC 2017 Debenture Indenture, if a quorum of one or both of the Capstone 2016 Debentures or CPC 2017 Debentures is not present at the Meetings or any adjournment thereof, the Meetings, or adjournment thereof, will still

proceed in respect of the Capstone Shareholders and holders of Class B Units (if a quorum in respect thereof is present) and, if applicable, the Capstone 2016 Debentures or the CPC 2017 Debentures for which a quorum is present. In such circumstances, the Meetings, insofar as it relates to the Capstone 2016 Debentures and/or the CPC 2017 Debentures in which a quorum is not present only, shall stand adjourned to the same day in the next week (if a Business Day) at the same time and place and, if such day is a not a Business Day, the Meetings shall be adjourned to the next Business Day following one week after the day appointed for the Meetings at the same time and place, and if at such adjourned meeting of the applicable Capstone 2016 Debentures or the CPC 2017 Debentures, as the case may be, a quorum is not present, the Capstone 2016 Debentureholders or the CPC 2017 Debentureholders, as the case may be, present shall be a quorum for all purposes.

Depositary

Computershare Trust Company of Canada will act as Depositary for the receipt of certificates representing Securities and Letters of Transmittal deposited pursuant to the Arrangement. The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by Capstone against certain liabilities under applicable Securities Laws and expenses in connection therewith.

No fee or commission is payable by any Capstone Securityholder who transmits its Securities directly to the Depositary. Except as set forth above or elsewhere in this Information Circular, Capstone will not pay any fees or commissions to any broker or dealer or any other Person for soliciting deposits of Securities pursuant to the Arrangement.

Other Business

The management of Capstone and CPC do not intend to present and do not have any reason to believe that others will present any item of business other than those set forth in this Information Circular at the Meetings. However, if any other business is properly presented at the Meetings and may properly be considered and acted upon, proxies will be voted by those named in the applicable Form of Proxy in their sole discretion, including with respect to any amendments or variations to the matters identified in this Information Circular.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Blake, Cassels & Graydon LLP, on behalf of Capstone and CPC. Certain legal matters in connection with the Arrangement will be passed upon by Osler, Hoskin & Harcourt LLP, on behalf of the Purchaser.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "*The Arrangement — Interests of Certain Persons in the Arrangement*", no informed person (as defined in Securities Laws) of Capstone or CPC, or any associate or affiliate of any informed person, has had any material interest, direct or indirect, in any transaction, or proposed transaction, which has materially affected or would materially affect any of Capstone or its subsidiaries since the commencement of the most recently completed financial year of Capstone and CPC.

DIRECTORS' APPROVAL

The contents of this Circular and the sending thereof to the Capstone Securityholders have been approved by the Capstone Board and the Board of Directors of CPC.

BY ORDER OF THE BOARD OF DIRECTORS OF CAPSTONE INFRASTRUCTURE CORPORATION

(Signed) "*V. James Sardo*"
V. James Sardo
Chairman of the Board
Capstone Infrastructure Corporation

BY ORDER OF THE BOARD OF DIRECTORS OF CAPSTONE POWER CORP.

(Signed) "*Michael Bernstein*"
Michael Bernstein
Director, President and Chief Executive Officer
Capstone Power Corp.

Toronto, Ontario
February 9, 2016

CONSENTS

Consent of RBC Dominion Securities Inc.

To the Boards of Directors of Capstone Infrastructure Corporation and Capstone Power Corp.:

We refer to our written fairness opinion dated January 20, 2016, which we prepared solely for the information of the Board of Directors of Capstone Infrastructure Corporation ("**Capstone**") in connection with the plan of arrangement involving Capstone and Irving Infrastructure Corp.

We consent to the inclusion of the fairness opinion and references to our firm name and a summary of our fairness opinion in the management information circular of Capstone and Capstone Power Corp. dated February 9, 2016.

Toronto, Ontario
February 9, 2016

(Signed) "*RBC Dominion Securities Inc.*"

Consent of TD Securities Inc.

To the Boards of Directors of Capstone Infrastructure Corporation and Capstone Power Corp.:

We refer to our written fairness opinion dated January 20, 2016, which we prepared solely for the information of the Board of Directors of Capstone Infrastructure Corporation ("**Capstone**") in connection with the plan of arrangement involving Capstone and Irving Infrastructure Corp.

We consent to the inclusion of the fairness opinion and references to our firm name and a summary of our fairness opinion in the management information circular of Capstone and Capstone Power Corp. dated February 9, 2016.

Toronto, Ontario
February 9, 2016

(Signed) "*TD Securities Inc.*"

APPENDIX A

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Division 5 of Part 9 of the Business Corporations Act (British Columbia) (the "**BCBCA**") involving Capstone Infrastructure Corporation (the "**Company**"), pursuant to the arrangement agreement between the Company and Irving Infrastructure Corp. dated January 20, 2016, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), the full text of which is set out as Appendix D to the management information circular of the Company dated February 9, 2016 (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.

2. The plan of arrangement, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms, involving the Company (the "**Plan of Arrangement**"), the full text of which is set out as Appendix E to the Circular, is hereby authorized, approved and adopted.

3. The Arrangement Agreement and all the transactions contemplated therein, the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by any or all of the Company Securityholders (as defined in the Arrangement Agreement) entitled to vote thereon or that the Arrangement has been approved by the Supreme Court of British Columbia (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to or approval of the Company Securityholders: (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.

5. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

APPENDIX B

INTERIM ORDER

NO. S-161791
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING CAPSTONE INFRASTRUCTURE CORPORATION, CAPSTONE POWER CORP., MPT LTC HOLDING LP, IRVING INFRASTRUCTURE CORP., THE HOLDERS OF COMMON SHARES, DEBENTURES, OPTIONS, RESTRICTED SHARE UNITS, PERFORMANCE SHARE UNITS AND DEFERRED SHARE UNITS OF CAPSTONE INFRASTRUCTURE CORPORATION, THE HOLDERS OF DEBENTURES OF CAPSTONE POWER CORP. AND THE HOLDERS OF CLASS B EXCHANGEABLE LIMITED PARTNERSHIP UNITS OF MPT LTC HOLDING LP

CAPSTONE INFRASTRUCTURE CORPORATION
CAPSTONE POWER CORP.

PETITIONERS

INTERIM ORDER MADE AFTER APPLICATION

BEFORE Master MacNaughton) **9/Feb/2016**

ON THE APPLICATION of the Petitioners, Capstone Infrastructure Corporation ("**Capstone**") and Capstone Power Corp. ("**CPC**"), for an Interim Order pursuant to its Petition filed on 9/Feb/2016.

[x] without notice coming on for hearing at Vancouver, British Columbia on 9/Feb/2016 and on hearing Sean K. Boyle, counsel for the Petitioner and upon reading the Petition herein and the Affidavit of Michael Bernstein sworn on 8/Feb/2016 and filed herein (the "**Bernstein Affidavit**");

THIS COURT ORDERS THAT:

DEFINITIONS

1. As used in this Interim Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the information circular entitled Joint Notice of Special Meetings of Capstone Securityholders and Management Information Circular (collectively, the "**Circular**") attached as Exhibit "A" to the Bernstein Affidavit.

MEETINGS

2. Pursuant to Sections 186, 288, 289, 290 and 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "**BCBCA**"), the Petitioners are authorized and directed to call, hold and conduct special meetings of Capstone and CPC to be held at 10:00 a.m. (Toronto time) on March 10, 2016 at One King West Hotel, Room 1400, 1 King St. West, Toronto, Ontario, M5H 1A1 (the "**Meetings**") where holders (the "**Capstone Shareholders**") of common shares (the "**Common Shares**") of Capstone, holders of Class B exchangeable limited partnership units of MPT LTC Holding LP exchangeable for Common Shares ("**Class B Unitholders**"), holders (the "**Capstone 2016 Debentureholders**") of 6.50% convertible unsecured subordinated debentures of Capstone due December 31, 2016 (the "**Capstone 2016 Debentures**") and holders (the "**CPC 2017 Debentureholders**" and together with the Capstone 2016 Debentureholders, the Capstone Shareholders and the Class B Unitholders, the "**Capstone Securityholders**") of the 6.75% extendible convertible unsecured subordinated debentures of CPC due December 31, 2017 (the "**CPC 2017 Debentures**" and together with the Capstone 2016 Debentures, the "**Debentures**") will:

(a) consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") to approve an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the BCBCA, the full text of which is set forth in Appendix "A" to the Circular; and

(b) transact such other business, including amendments to the foregoing, as may properly be brought before the Meetings or any adjournment or postponement thereof.

3. The Meetings will be called, held and conducted in accordance with the BCBCA, the articles of Capstone, the respective debenture indentures governing the Debentures (the "**Indentures**"), in each case as applicable, and the Circular, all subject to the terms of this

Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meetings, such rulings and directions not to be inconsistent with this Interim Order.

ADJOURNMENT

4. Notwithstanding the provisions of the BCBCA, the articles of Capstone, as applicable, the Indentures, as applicable, and subject to the terms of the Arrangement Agreement, Capstone and CPC, if they deem advisable, are specifically authorized to adjourn or postpone the Meetings on one or more occasions, without the necessity of first convening the Meetings or first obtaining any vote of the Capstone Securityholders respecting such adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements will be given by news release, newspaper advertisement, or by notice sent to Capstone Securityholders by one of the methods specified in paragraph 11 of this Interim Order.

5. The Record Date (as defined in paragraph 9 below) will not change in respect of any adjournments or postponements of the Meetings.

AMENDMENTS

6. Prior to the Meetings, Capstone and CPC are authorized to make such amendments, revisions or supplements to the proposed Arrangement and the Plan of Arrangement, subject to the terms of the Arrangement Agreement and paragraph 7 of this Interim Order, without any additional notice to the Capstone Securityholders, and the Arrangement and Plan of Arrangement as so amended, revised and supplemented will be the Arrangement and Plan of Arrangement submitted to the Meetings, and the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meetings, but shall be subject to review and, if appropriate, further direction by this Court at the hearing for the final approval of the Arrangement.

7. If any amendments, revisions or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 6 above, would, if disclosed, reasonably be expected to affect a Capstone Securityholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, revision or supplement shall be distributed, subject to further order of this Court, by news release, newspaper advertisement, or by notice sent to Capstone Securityholders by one of the methods specified in paragraph 11 of this Interim Order.

8. Capstone and CPC are authorized to make such amendments, revisions and/or supplements to the draft Circular as they may determine and the Circular, as so amended, revised and/or supplemented, shall be the Circular distributed in accordance with paragraph 11 of this Interim Order.

RECORD DATE

9. The record date for determining the Capstone Securityholders, other than the Capstone 2016 Debentureholders, entitled to receive notice of, attend and vote at the Meetings will be the close of business on January 22, 2016 and the record date for determining the Capstone 2016 Debentureholders entitled to receive notice of, attend and vote at the Meetings will be the close of business on February 3, 2016 (each, a "**Record Date**").

NOTICE OF MEETINGS

10. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and neither Capstone nor CPC will be required to send to the Capstone Securityholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.

11. The Circular (including this Interim Order), the applicable form of proxy, the applicable letter of transmittal, and the Notice of Hearing of Petition (collectively referred to as the "**Meeting Materials**"), in substantially the same form as contained in Exhibits "A", "B" and "C" to the Bernstein Affidavit, with such deletions, amendments or additions thereto as counsel for Capstone may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, will be sent to:

(a) the registered Capstone Securityholders as they appear on the central securities register of Capstone, CPC, or MPT LTC Holding LP ("**MPT LTC**"), as applicable, or the records of its registrar and transfer agent as at the close of business on the applicable Record Date, but not to Capstone Securityholders who Capstone or CPC, as applicable, on two consecutive occasions, have sent a record but had such record returned because the Capstone Securityholder could not be located, at least twenty-one (21) days prior to the date of the Meetings, excluding the date of mailing, delivery or transmittal and the date of the Meetings, by one or more of the following methods:

(i) by prepaid ordinary or air mail addressed to the Capstone Securityholders at their addresses as they appear in the applicable records of Capstone, CPC or MPT LTC as applicable, or their respective registrar and transfer agent as at the Record Date;

(ii) by delivery in person or by courier to the addresses specified in paragraph 11(a)(i) above; or

(iii) by email or facsimile transmission to any Capstone Securityholders who has previously identified himself, herself or itself to the satisfaction of Capstone and/or CPC, as applicable, acting through its representatives, who requests such email or facsimile transmission and then in accordance with such request;

(b) in the case of non-registered Capstone Securityholders, by providing copies of the Meeting Materials (excluding the forms of proxy and letters of transmittal) and copies of the applicable voting instruction form to intermediaries and registered nominees for sending to such beneficial owners in accordance with the procedures prescribed by *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators* at least three (3) Business Days prior to the twenty-first (21st) day prior to the date of the Meetings; and

(c) the directors and auditors of both Capstone and CPC by mailing the Meeting Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meetings, excluding the date of mailing or transmittal;

and substantial compliance with this paragraph will constitute good and sufficient notice of the Meetings.

12. Capstone and CPC are authorized to distribute the Circular (including the Notice of Hearing of Petition and this Interim Order), and any other communications or documents determined by Capstone and CPC to be necessary or desirable, to the holders of options, restricted share units, performance share units and deferred share units of Capstone, by any method permitted for notice to Capstone Securityholders as set forth in paragraph 11(a), above,

concurrently with the distribution described in paragraph 11 of this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of Capstone.

13. Accidental failure of or omission by either Capstone or CPC to give notice to any one or more Capstone Securityholders or any other persons entitled thereto, or the non-receipt of such notice by one or more Capstone Securityholders or any other persons entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of either Capstone or CPC (including, without limitation, any inability to use postal services), will not constitute a breach of this Interim Order or a defect in the calling of the Meetings, and will not invalidate any resolution passed or proceeding taken at the Meetings, but if any such failure or omission is brought to the attention of Capstone or CPC, as applicable, prior to the Meetings then that company will use reasonable best efforts to rectify the failure or omission by the method and in the time most reasonably practicable in the circumstances.

14. Provided that notice of the Meetings is given and the Meeting Materials are provided to the Capstone Securityholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the Meetings is waived.

15. The distribution of the Meeting Materials pursuant to paragraphs 11 and 12 of this Interim Order shall constitute notice and good and sufficient service of the within Application on the persons described in paragraphs 11 and 12 and that those persons are bound by any orders made on the within Petition. Further, no other form of service of the Meeting Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meetings to such persons or to any other persons, except to the extent required by paragraph 7 above.

DEEMED RECEIPT OF NOTICE

16. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been served upon and received:

(a) in the case of mailing pursuant to paragraph 11(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

(b) in the case of delivery in person pursuant to paragraph 11(a)(ii) above, the day following personal delivery or, in the case of delivery by courier, the day following delivery to the person's address in paragraph 11 above; and

(c) in the case of any means of transmitted, recorded or electronic communication pursuant to paragraph 11(a)(iii) above, when dispatched or delivered for dispatch.

UPDATING MEETING MATERIALS

17. Notice of any amendments, updates or supplements to any of the information provided in the Meeting Materials may be communicated to the Capstone Securityholders or other persons entitled thereto by news release, newspaper advertisement or by notice sent to the Capstone Securityholders or other persons entitled thereto by any of the means set forth in paragraph 11 of this Interim Order, as determined to be the most appropriate method of communication by Capstone and CPC.

QUORUM AND VOTING

18. The Chair of the Meetings shall be determined by Capstone and CPC. The quorum required at the Meetings shall be:

(a) in respect of the Meeting of Capstone Shareholders and Class B Unitholders, at least two persons present and holding or representing by proxy not less than 10% of the total number of outstanding Common Shares entitled to vote at the Meeting;

(b) in respect of the Meeting of Capstone 2016 Debentureholders, Capstone 2016 Debentureholders present in person or represented by proxy at the Meeting holding or representing by proxy not less than twenty-five per cent (25%) of the principal amount of Capstone 2016 Debentures outstanding; and

(c) in respect of the Meeting of CPC 2017 Debentureholders, CPC 2017 Debentureholders present in person or represented by proxy at the Meeting holding or representing by proxy not less than twenty-five per cent (25%) of the principal amount of CPC 2017 Debentures outstanding.

19. If within 30 minutes from the time set for the holding of the Meetings:

(a) a quorum in respect of the Capstone Shareholders is not present, the Meetings shall stand adjourned to the same day in the next week (if a Business Day) at the same time and place and, if such day is a not a Business Day, the Meetings shall be adjourned to the next Business Day following one week after the day appointed for the Meetings at the same time and place, and if at such adjourned meeting a quorum is not present within 30 minutes from the time set for the holding of the meeting, the Person or Persons present and being, or representing by proxy, one or more Capstone Shareholders entitled to attend and vote at the meeting shall constitute a quorum; and

(b) notwithstanding the terms of the Capstone 2016 Debenture Indenture and the CPC 2017 Debenture Indenture, if a quorum of one or both of the Capstone 2016 Debentures or CPC 2017 Debentures is not present at the Meetings or any adjournment thereof, the Meetings, or adjournment thereof, will still proceed in respect of the Capstone Shareholders and holders of Class B Units (if a quorum in respect thereof is present) and, if applicable, the Capstone 2016 Debentures or the CPC 2017 Debentures for which a quorum is present. In such circumstances, the Meetings, insofar as it relates to the Capstone 2016 Debentures and/or the CPC 2017 Debentures in which a quorum is not present only, shall stand adjourned to the same day in the next week (if a Business Day) at the same time and place and, if such day is a not a Business Day, the Meetings shall be adjourned to the next Business Day following one week after the day appointed for the Meetings at the same time and place, and if at such adjourned meeting of the applicable Capstone 2016 Debentures or the CPC 2017 Debentures, as the case may be, a quorum is not present, the Capstone 2016 Debentureholders or the CPC 2017 Debentureholders, as the case may be, present shall be a quorum for all purposes.

20. The only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting shall be the Capstone Securityholders as of the close of business on the applicable Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

21. The vote required to pass the Arrangement Resolution in respect of the Capstone Shareholders and Class B Unitholders will be:

(a) the affirmative vote of not less than two-thirds of the votes cast by Capstone Shareholders, present in person or represented by proxy and entitled to vote at the Meetings; and

(b) the affirmative vote of not less than two-thirds of the votes cast by Capstone Shareholders and Class B Unitholders, voting together as a single class, present in person or represented by proxy and entitled to vote at the Meetings.

22. The vote required to pass the Arrangement Resolution in respect of the Capstone 2016 Debentureholders will be the affirmative vote of not less than a majority in number and not less than 75% of the principal amount of such class of Debentures, in each case, present in person or represented by proxy at the Meetings.

23. The vote required to pass the Arrangement Resolution in respect of the CPC 2017 Debentureholders will be the affirmative vote of not less than a majority in number and not less than 75% of the principal amount of such class of Debentures, in each case, present in person or represented by proxy at the Meetings.

24. Such votes shall be sufficient to authorize Capstone and CPC to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Capstone Securityholders, subject only to the final approval of the Arrangement by this Court.

25. The approval of the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders is not a condition to the completion of the Arrangement. If the requisite approval of the holders of a class of Debentures is not obtained at the Meetings, such class of Debentures will be excluded from the Arrangement and such Debentures will remain outstanding on their terms following closing of the Arrangement.

26. In all other respects, the terms, restrictions and conditions set out in the articles of Capstone and the Indentures will apply in respect of the Meetings, respectively.

PERMITTED ATTENDEES

27. The only persons entitled to attend or speak at the Meetings will be (i) the Capstone Securityholders, as of the applicable Record Date, or their respective proxyholders, (ii) Capstone's directors, officers, auditors and advisors, (iii) CPC's directors, officers, auditors and advisors, (iv) the trustees of the Capstone 2016 Debentures and the CPC 2017 Debentures, (v) representatives of Irving Infrastructure Corp., and (vi) any other person admitted on the invitation of the Chair of the Meetings or with the consent of the Chair of the Meetings, and the only persons entitled to be represented and to vote at the Meetings will be the Capstone Securityholders as at the close of business on the applicable Record Date, or their respective proxyholders.

SCRUTINEERS

28. Representatives of Capstone's registrar and transfer agent (or any agent thereof) are authorized to act as scrutineers for the Meetings.

SOLICITATION OF PROXIES

29. Both Capstone and CPC are authorized to use forms of proxy and letters of transmittal in connection with the Meetings and the Arrangement in substantially the same form as attached as Exhibit "B" to the Bernstein Affidavit. Capstone and CPC are both authorized, at their expense, to solicit proxies, directly and through their respective officers, directors and employees, and through such agents or representatives as they may retain for the purpose, and by mail or such other forms of personal or electronic communication as they may determine.

30. The procedure for the use of proxies at the Meetings will be as set out in the Meeting Materials. Either Capstone or CPC may in their discretion waive the time limits for the deposit of proxies by Capstone Securityholders if either Capstone or CPC, as applicable, deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meetings.

DISSENT RIGHTS

31. Each registered Capstone Shareholder will have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, the Plan of Arrangement and the Final Order.

32. Registered Capstone Shareholders will be the only holders of a security in either Capstone or CPC entitled to exercise rights of dissent. A beneficial holder of Common Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered Capstone Shareholder to dissent on behalf of the beneficial holder of Common Shares or, alternatively, make arrangements to become a registered Capstone Shareholder.

33. In order for a registered Capstone Shareholder to exercise such right of dissent (the "**Dissent Right**"):

(a) the Dissenting Capstone Shareholder must deliver a written notice of dissent which must be received by Capstone at c/o Blake, Cassels & Graydon LLP, Suite 2600, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3, Attention: Sean K. Boyle, by 5:00 p.m. (Toronto time) on March 8, 2016 or, in the case of any adjournment or postponement of the Meetings, the date which is two business days prior to the date of the Meetings; a vote against the Arrangement Resolution or an abstention will not constitute written notice of dissent;

(b) the Dissenting Capstone Shareholder must not have voted his, her or its Common Shares at the Meetings, either by proxy or in person, in favour of the Arrangement Resolution;

(c) the Dissenting Capstone Shareholder must dissent with respect to all of the Common Shares held by such person; and

(d) the exercise of such Dissent Right must otherwise comply with the requirements of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, this Interim Order and the Final Order.

34. Notice to the Capstone Shareholders of their Dissent Right with respect to the Arrangement Resolution will be given by including information with respect to the Dissent Right in the Circular to be sent to Capstone Shareholders in accordance with this Interim Order.

35. Subject to further order of this Court, the rights available to the Capstone Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Dissent Rights for the Capstone Shareholders with respect to the Arrangement.

APPLICATION FOR FINAL ORDER

36. Upon obtaining, in the manner set forth in this Interim Order, the approvals of the Arrangement required by this Interim Order, Capstone may apply to this Court for, *inter alia*, an order:

(a) pursuant to BCBCA Sections 291(4)(a) and 295, approving the Arrangement; and

(b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement are procedurally and substantively fair and reasonable to the Petitioners and the securityholders whose legal rights are being arranged thereunder

(collectively, the "**Final Order**"),

and the hearing in respect of the Final Order will be held on March 15, 2016 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct.

37. The form of Notice of Hearing of Petition attached to the Bernstein Affidavit as Exhibit "C" is hereby approved as the form of Notice of Proceedings for such approval. Any Capstone Securityholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order, subject to the terms of this Interim Order.

38. Any Capstone Securityholder seeking to appear at the hearing of the application for the Final Order must file and deliver a Response to Petition (a "Response") in the form prescribed by the Supreme Court Civil Rules, and a copy of all affidavits or other materials upon which they intend to rely, to the Petitioners' solicitors at:

BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard Street, P.O. Box 49314
Vancouver, B.C. V7X 1L3

Attention: Sean K. Boyle

by or before 4:00 p.m. (Vancouver time) on March 10, 2016.

39. Sending the Notice of Hearing of Petition and this Interim Order in accordance with paragraph 11 of this Interim Order will constitute good and sufficient service of this proceeding and no other form of service need be made and no other material need be served on persons in respect of these proceedings. In particular, service of the Petition herein and the accompanying Affidavit and additional Affidavits as may be filed, is dispensed with.

40. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need be provided with notice of the adjourned hearing date and any filed materials.

VARIANCE

41. The Petitioners will be entitled, at any time, to apply to vary this Interim Order or for such further order or orders as may be appropriate.

42. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable Securities Laws, the articles of Capstone, or the Indentures, this Interim Order will govern.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS INTERIM ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for Petitioners
Sean K. Boyle

BY THE COURT

REGISTRAR

CHECKED

APPENDIX C

NOTICE OF HEARING OF PETITION

NO. S-161291
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BUSINESS CORPORATIONS ACT,
S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
CAPSTONE INFRASTRUCTURE CORPORATION, CAPSTONE POWER CORP.,
MPT LTC HOLDING LP, IRVING INFRASTRUCTURE CORP.
THE HOLDERS OF COMMON SHARES, DEBENTURES,
OPTIONS, RESTRICTED SHARE UNITS, PERFORMANCE SHARE UNITS
AND DEFERRED SHARE UNITS OF CAPSTONE INFRASTRUCTURE CORPORATION,
THE HOLDERS OF DEBENTURES OF CAPSTONE POWER CORP.
AND THE HOLDERS OF CLASS B EXCHANGEABLE LIMITED PARTNERSHIP UNITS OF
MPT LTC HOLDING LP

CAPSTONE INFRASTRUCTURE CORPORATION
CAPSTONE POWER CORP.

PETITIONERS

NOTICE OF HEARING OF PETITION

To: The holders ("Capstone Shareholders") of common shares of Capstone Infrastructure Corporation ("Capstone")

And to: The holders of Class B exchangeable limited partnership units of MPT LTC Holding LP ("Class B Units") which are exchangeable into common shares of Capstone

And to: The holders (the "Capstone 2016 Debentureholders") of 6.50% convertible unsecured subordinated debentures of Capstone due December 31, 2016

And to: The holders (the "Capstone Power 2017 Debentureholders" and collectively with the Capstone 2016 Debentureholders, the Capstone Shareholders and the holders of Class B Units, "Capstone Securityholders") of the 6.75% extendible convertible unsecured subordinated debentures of Capstone Power Corp. ("CPC") due December 31, 2017

NOTICE IS HEREBY GIVEN that a Petition has been filed by the Petitioners, Capstone and CPC, in the Supreme Court of British Columbia (the "Court") for approval of a plan of arrangement (the "Arrangement"), pursuant to the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "BCBCA");

AND NOTICE IS FURTHER GIVEN that by an Interim Order Made After Application, pronounced by the Court on February 9, 2016, the Court has given directions as to the calling of special meetings of the Capstone Securityholders, for the purpose of, among other things, considering, and voting upon the special resolution to approve the Arrangement;

AND NOTICE IS FURTHER GIVEN that an application for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are procedurally and substantively fair and reasonable to the Capstone Securityholders, and shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on March 15, 2016 at 9:45 am (Vancouver time), or as soon thereafter as counsel may be heard (the "Final Application").

IF YOU WISH TO BE HEARD, any person authorized by the Interim Order may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition ("Response") in the form prescribed by the Supreme Court Civil Rules, together with any affidavits and other material on which that person intends to rely at the hearing of the Final Application, and delivered a copy of the filed Response, together with all affidavits and other material on which such person intends to rely at the hearing of the Final Application, including an outline of such person's proposed submissions, to the Petitioner at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) on March 10, 2016.

The Petitioner's address for delivery is:

BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard Street, P.O. Box 49314
Vancouver, B.C. V7X 1L3

Attention: Sean K. Boyle

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of "Response" as aforesaid. You may obtain a form of "Response" at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Capstone Securityholders.

A copy of the said Petition and other documents in the proceeding will be furnished to any Capstone Securityholders upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out above.

Date: February 9, 2016

(Signed) "*Sean K. Boyle*"
Signature of lawyer for Petitioner
Sean K. Boyle

APPENDIX D

ARRANGEMENT AGREEMENT

EXECUTION COPY

CAPSTONE INFRASTRUCTURE CORPORATION

and

IRVING INFRASTRUCTURE CORP.

ARRANGEMENT AGREEMENT

January 20, 2016

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of January 20, 2016.

BETWEEN:

CAPSTONE INFRASTRUCTURE CORPORATION, a corporation existing under the laws of the Province of British Columbia

(the "**Company**")

- and -

IRVING INFRASTRUCTURE CORP., a corporation existing under the laws of the Province of British Columbia

(the "**Purchaser**").

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Parent, the Purchaser or one or more of their affiliates relating to: (i) any direct or indirect sale or disposition, in a single transaction or a series of related transactions, of assets (including voting or equity securities of Subsidiaries or Non-Controlled Entities) representing 20% or more of the consolidated assets of the Company (based on the consolidated statement of financial position of the Company most recently filed as part of the Company Filings prior to such time) or contributing 20% or more of the consolidated annual revenue or Adjusted EBITDA of the Company (based on the consolidated annual financial statements of the Company most recently filed as part of the Company Filings prior to such time) or of 20% or more of the voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of the Company; (ii) any direct or indirect take-over bid, tender offer, exchange offer or treasury issuance that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of the Company; or (iii) any plan of arrangement, merger, amalgamation, consolidation, security exchange, business combination, reorganization, recapitalization, liquidation, dissolution, or winding up involving the Company or any of its Subsidiaries holding 20% or more of the consolidated assets of the Company or contributing 20% or more of the consolidated revenue of the Company.

"**Adjusted EBITDA**" has the meaning ascribed thereto in the Company Filings.

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*.

"**Agreement**" means this arrangement agreement.

"**Arrangement**" means an arrangement under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting by the Company Securityholders entitled to vote thereon pursuant to the Interim Order, substantially on the terms and in the form set out in Schedule B.

"**Authorization**" means, with respect to any Person, any order, permit, certificate, accreditation, approval, consent, waiver, registration, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Board**" means the board of directors of the Company, as constituted from time to time.

"**Board Recommendation**" has the meaning ascribed thereto in Section 2.4(2).

"**Breaching Party**" has the meaning ascribed thereto in Section 7.3(3).

"**Bristol Water Entities**" means Bristol Water Holdings UK Limited, its Subsidiaries and Bristol Wessex Billing Services Limited.

"**Business Day**" means any day of the year, other than a Saturday, a Sunday or a day on which major banks are closed for business in Toronto, Ontario or London, England.

"**Class B Units**" means the Class B exchangeable limited partnership units of MPT LTC Holding LP, which are exchangeable for Common Shares.

"**Commissioner of Competition**" means the Commissioner of Competition appointed pursuant to Subsection 7(1) of the Competition Act or his designee.

"**Common Shareholders**" means the registered and/or beneficial holders of the Common Shares, as the context requires.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company 2016 Debenture Indenture**" means the trust indenture dated December 22, 2009 between Macquarie Power & Infrastructure Income Fund and Computershare Trust Company of Canada, as trustee, as amended by the supplemental indenture dated January 1, 2011 among Macquarie Power & Infrastructure Income Fund, Macquarie Power and Infrastructure Corporation and Computershare Trust Company of Canada, as trustee.

"**Company 2016 Debentures**" means the 6.50% convertible unsecured subordinated debentures of the Company due December 31, 2016.

"**Company Assets**" means all of the assets, properties (real or personal), permits, rights, licences, waivers or consents (whether contractual or otherwise) of the Company and its Subsidiaries.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to each Common Shareholder and other Person as required by the Interim Order and Law in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Company Constating Documents**" means the notice of articles and articles of the Company, as they may be amended from time to time.

"**Company Disclosure Letter**" means the disclosure letter dated January 20, 2016 executed and delivered by the Company to the Purchaser in connection with the execution of this Agreement.

"**Company DRIP**" means the Company's dividend reinvestment plan.

"**Company Employees**" means the officers and employees of the Company and its Subsidiaries.

"**Company ESPP**" means the Company's employee share purchase plan.

"**Company Expense Fee**" means the reasonable and documented out-of-pocket expenses of the Parent and the Purchaser or any of their affiliates in relation to the transactions contemplated by this Agreement and related activities up to a maximum of $3.0 million.

"**Company Expense Fee Event**" has the meaning ascribed thereto in Section 8.2(3).

"**Company Filings**" means all documents publicly filed by or on behalf of the Company or CPC on SEDAR on or after January 1, 2014.

"**Company LTIP**" means the Company's long-term incentive plan.

"**Company Meeting**" means the special meeting of Common Shareholders, holders of Class B Units and holders of the Debentures, including any adjournment or postponement of such special meeting, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**Company Options**" means the outstanding options to purchase Common Shares issued by the Company in exchange for options to purchase common shares of Renewable Energy Developers Inc. pursuant to the plan of arrangement effective October 1, 2013 whereby the Company acquired Renewable Energy Developers Inc.

"**Company Securities**" means the Common Shares, the Preferred Shares, the Class B Units, the Company Options, the Company 2016 Debentures, the CPC 2017 Debentures, the PSUs, the RSUs and the DSUs.

"**Company Securityholders**" means, collectively, the Common Shareholders, the holders of Preferred Shares, the holders of Class B Units, the holders of Company Options, the holders of Company 2016 Debentures, the holders of CPC 2017 Debentures, the holders of PSUs, the holders of RSUs and the holders of DSUs.

"**Company STIP**" means the Company's short term incentive plan.

"**Competition Act**" means the *Competition Act* (Canada).

"**Competition Act Approval**" means, with respect to the transactions contemplated by this Agreement, the following: (i) receipt by the Purchaser of an advance ruling certificate from the Commissioner of Competition under Subsection 102(1) of the Competition Act; or (ii)(a) the expiry of the waiting period under Subsection 123(1) of the Competition Act, the termination of the waiting period under Subsection 123(2) of the Competition Act or a waiver of the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act under paragraph 113(c) of the Competition Act and (b) receipt by the Purchaser of a No Action Letter.

"**Confidentiality Agreement**" means the confidentiality agreement dated October 30, 2015 between the Company and the Parent.

"**Consideration**" means $4.90 in cash per Common Share or Class B Unit, without interest, subject to adjustment pursuant to Section 2.11.

"**Contract**" means any agreement, commitment, engagement, contract, franchise, licence, lease, obligation, note, bond, mortgage, indenture, undertaking or joint venture (written or oral) to which the Company or any of its Subsidiaries or the Non-Controlled Entities is a party or by which it or any of its Subsidiaries or the Non-Controlled Entities is bound or affected or to which any of their respective properties or assets is subject.

"**Court**" means the Supreme Court of British Columbia, or other court as applicable.

"**CPC**" means Capstone Power Corp., a wholly-owned Subsidiary of the Company.

"**CPC 2017 Debenture Indenture**" means the debenture indenture dated as of August 28, 2012 between Sprott Power Corp. and Equity Financial Trust Company, as trustee, as amended by the supplemental debenture indenture dated October 1, 2013 among the Company, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, the second supplemental indenture dated November 12, 2013 among the Company, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, and the third supplemental indenture dated February 15, 2014 among the Company, CPC and Equity Financial Trust Company, as trustee.

"**CPC 2017 Debentures**" means the 6.75% extendible convertible unsecured subordinated debentures of CPC due December 31, 2017.

"**CPD LTIP**" means the long-term incentive plan of Capstone Power Development (BC) Corp., a wholly-owned Subsidiary of the Company.

"**Data Room**" means the material contained in the virtual data room established by the Company, the index of documents of which, as of January 19, 2016, is appended to the Company

Disclosure Letter, and an electronic copy of which, as of January 19, 2016, together with a certificate executed by the provider of the Data Room addressed to the Purchaser and verifying the accuracy of such electronic copy, shall be provided to the Purchaser as soon as practicable, and in any event within five Business Days of the date hereof.

"**Debentures**" means the Company 2016 Debentures and the CPC 2017 Debentures.

"**Debt Commitment Letter**" means the debt commitment letter among the Purchaser, the Parent and the Lenders identified therein dated January 20, 2016, or any amendment thereof or other lender substituted therefor in accordance with Section 4.3, in each case as provided to the Company.

"**Debt Financing**" means the agreement of the Lenders to lend, subject to the terms and conditions of the Debt Commitment Letter, the amounts set forth in the Debt Commitment Letter with such amounts to be borrowed by CPC.

"**Depositary**" means such Person as the Company may appoint to act as depositary for the Common Shares and Class B Units in relation to the Arrangement, with the approval of the Purchaser, acting reasonably.

"**Director DSU Plan**" means the director deferred share unit plan of the Company.

"**Director DSUs**" means the deferred share units issued under the Director DSU Plan.

"**Director of Investments**" means the Person appointed under Section 6 of the ICA.

"**Dissent Rights**" means the rights of dissent exercisable by registered Common Shareholders in respect of the Arrangement described in the Plan of Arrangement.

"**DSUs**" means the Director DSUs, DSUs (PSU), DSUs (RSU) and DSUs (Bonus).

"**DSUs (Bonus)**" means deferred share units of the Company issued under the Company LTIP in lieu of cash awards under the Company STIP or the CPD LTIP.

"**DSUs (PSU)**" means performance-based vesting deferred share units of the Company issued under the Company LTIP in lieu of PSUs.

"**DSUs (RSU)**" means time-based vesting deferred share units of the Company issued under the Company LTIP in lieu of RSUs.

"**Effective Date**" means the date upon which the Arrangement becomes effective, as set out in Section 2.9.

"**Effective Time**" has the meaning set out in the Plan of Arrangement.

"**Employee Plans**" means all health, welfare, supplemental unemployment benefit, bonus, profit sharing, option, stock appreciation, savings, insurance, incentive, incentive compensation, deferred compensation, security purchase, security compensation, disability, pension or supplemental retirement plans and other material employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of current or former

directors of the Company or any of its Subsidiaries, Company Employees or former Company Employees which are maintained by or binding upon the Company or any of its Subsidiaries or in respect of which the Company or any of its Subsidiaries has any actual or potential liability, but does not include (i) individual offer letters or Contracts with any Company Employees or former Company Employees (including amendments thereto), or (ii) any statutory plans administered by a Governmental Entity, including the Canada Pension Plan and Québec Pension Plan and plans administered pursuant to applicable federal or provincial health, worker's compensation or employment insurance legislation.

"**Environmental Laws**" means all Laws relating to pollution or the protection or quality of the environment or to the Release of Hazardous Substances to the environment and all Authorizations issued pursuant to such Laws.

"**Equity Commitment Letter**" means the executed equity commitment letter from Parent in favour of the Purchaser dated the date hereof.

"**Equity Financing**" has the meaning ascribed thereto in Section 8.6(2).

"**Fairness Opinions**" means the opinions of the Financial Advisors to the effect that, as of the date of such opinions, the consideration to be received by the Common Shareholders and holders of Debentures under the Arrangement is fair, from a financial point of view, to such Common Shareholders and holders of Debentures.

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company and the Purchaser, each acting reasonably) on appeal.

"**Financial Advisors**" means RBC Dominion Securities Inc. and TD Securities Inc.

"**First Nations**" means any first nations and/or indigenous and/or aboriginal person(s), tribe(s) and/or band(s) of Canada, including Métis communities.

"**GAAP**" means Canadian generally accepted accounting principles applicable to public companies at the relevant time applied on a consistent basis, which, for greater certainty, includes International Financial Reporting Standards;

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, ministry, governor-in-council, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange.

"**Hazardous Substances**" means any material or substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive, corrosive, flammable, leachable, oxidizing, or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and including petroleum and all derivatives thereof or synthetic substitutes therefor (including polychlorinated biphenyls).

"**ICA**" means the *Investment Canada Act*.

"**ICA Approval**" means that the responsible Minister under the ICA (the "**Minister**") having sent a notice to the Purchaser stating that the Minister is satisfied that the transactions contemplated by this Agreement are likely to be of net benefit to Canada, or the Minister having been deemed to be satisfied that the transactions contemplated by this Agreement are likely to be of net benefit to Canada.

"**Incentive Securities**" means the Company Options, RSUs, PSUs and DSUs.

"**Indemnified Persons**" has the meaning ascribed thereto in Section 4.9(2).

"**Indentures**" means the Company 2016 Debenture Indenture and the CPC 2017 Debenture Indenture.

"**Intellectual Property**" means anything that is or may be protected by any Intellectual Property Rights in any jurisdiction such as, but not limited to works (including software), performances, trade secrets, inventions (whether patentable or not), improvements to such inventions, industrial designs, mask work and integrated circuit topographies, trade-marks, trade names, business names, corporate names, domain names, website names and world wide web addresses, whether or not they may also be protected, at any given time, as a trade secret or confidential information, including proprietary and non-public business information, know-how, methods, processes, designs, technology, technical data, schematics, models, simulations and documentation relating to any of the foregoing.

"**Intellectual Property Rights**" means domestic and foreign: (i) patents and applications for patents, and reissues, re-examinations, divisions, continuations, continuations-in-part, renewals, extensions and validations of patents and applications for patents, utility models and petty patents; (ii) copyrights, copyright registrations and applications for copyright registration; (iii) mask work registrations and applications for mask work registrations; (iv) design patents and registrations, design patents and registration applications and integrated circuit topography registrations and applications; (v) common law rights to trade-marks, trade-mark registrations and trade-mark applications.

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended, modified, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common, civil or otherwise), constitution, treaty, convention, ordinance, by-law, code, rule, regulation, order, injunction, judgment, award, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon

or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

"**Lenders**" means Canadian Imperial Bank of Commerce and The Bank of Nova Scotia, their respective assignees of all or any portion of their commitments under the Debt Commitment Letter or any other lenders substituted therefor in accordance with Section 4.3.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, lien (statutory or otherwise), or restriction or adverse right or claim, or other encumbrance of any kind.

"**Matching Period**" has the meaning ascribed thereto in Section 5.4(1)(iv).

"**Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, states of facts or circumstances, is or would reasonably be expected to be material and adverse to the business, results of operations, assets, properties, financial condition, liabilities (contingent or otherwise) or operations of the Company and its Subsidiaries (including their interests in the Non-Controlled Entities), taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from or arising in connection with:

(i) any change affecting one or more of the industries in which the Company, its Subsidiaries and the Non-Controlled Entities operate;

(ii) any change in currency exchange, interest or inflation rates, in political conditions (including the outbreak or escalation of war, military action or acts of terrorism) or in general economic, business, regulatory, financial, credit or capital market conditions in Canada, the United Kingdom, Sweden or elsewhere;

(iii) any adoption, proposal or implementation of, or change in, Law or in the interpretation thereof by any Governmental Entity;

(iv) any change in GAAP or changes in regulatory accounting requirements;

(v) any natural disaster;

(vi) the failure of the Company to meet any internal or published projections, forecasts or estimates of revenues, earnings, sales, margins or cash flows (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);

(vii) any action taken (or omitted to be taken) by Company or any of its Subsidiaries or Non-Controlled Entities upon the written request or with the written consent of the Parent or the Purchaser;

(viii) the execution, announcement or performance of this Agreement or the consummation of the transactions contemplated hereby;

(ix) any change in the market price or trading volume of any securities of the Company or any of its Subsidiaries or Non-Controlled Entities (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred), or any suspension of trading in securities generally on any securities exchange on which the securities of the Company or any of its Subsidiaries or Non-Controlled Entities trade; or

(x) any matter disclosed in the Company Disclosure Letter to the extent of such disclosure;

provided, however, that (A) with respect to clauses (i) through to and including (v), such matter does not have a materially disproportionate effect on the Company and its Subsidiaries (including their interests in the Non-Controlled Entities), taken as a whole, relative to other comparable companies and entities operating in the industries in which the Company, its Subsidiaries and/or the Non-Controlled Entities operate; and (B) references in certain Sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a "Material Adverse Effect" has occurred.

"**Material Contract**" means any Contract: (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect; (ii) that is a partnership agreement, joint venture agreement or similar agreement relating to the formation, creation or operation of any partnership or joint venture in which the interest of the Company and/or its Subsidiaries exceeds $2 million (book value); (iii) relating to indebtedness (currently outstanding or which may become outstanding) for borrowed money in excess of $1 million or to the guarantee of any liabilities or obligations in excess of $1 million of a Person other than the Company or any of its Subsidiaries, in each case excluding guarantees or intercompany liabilities or obligations between two or more Persons each of whom is a Subsidiary of the Company or between the Company and one or more Persons each of whom is a Subsidiary of the Company; (iv) that creates an exclusive dealing arrangement or a right of first offer or refusal in respect of assets that are material to the Company and its Subsidiaries (including their interests in the Non-Controlled Entities), taken as a whole, to the benefit of a third party, other than industry standard agreements entered into in the Ordinary Course; (v) providing, outside of the Ordinary Course, for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value of such property or asset exceeds $1 million; or (vi) constituting an Offtake Agreement.

"**Misrepresentation**" has the meaning ascribed thereto under Securities Laws.

"**No Action Letter**" means written confirmation from the Commissioner of Competition that he does not, at that time, intend to make an application under Section 92 of the Competition Act in respect to the Arrangement.

"**Non-Controlled Entities**" means Glen Dhu Wind Energy Inc., Glen Dhu Wind Energy Limited Partnership, Fitzpatrick Mountain Wind Energy Inc., Macquarie Long Term Care GP Inc., Chapais Électrique Limitée, the Värmevärden Entities and the Bristol Water Entities.

"**Offtake Agreements**" means each of the agreements set out in Section 1.1 – Offtake Agreements of the Company Disclosure Letter.

"**Ordinary Course**" means, with respect to an action taken by any Person, that such action is consistent in nature and scope with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of the business of such Person.

"**Outside Date**" means May 20, 2016 or such later date as may be agreed to in writing by the Parties or provided for herein, provided that if the Effective Date is not expected to occur by the Outside Date as a result of the failure to satisfy the condition set forth in either Section 6.1(4), then any Party may elect, by notice in writing delivered to the other Parties on or prior to the Outside Date, to extend the Outside Date from time to time by a specified period of not less than five Business Days, provided that in aggregate such extensions shall not exceed 30 days from May 20, 2016; provided further that, notwithstanding the foregoing, a Party shall not be permitted to extend the Outside Date if the failure to satisfy the condition set forth in either Section 6.1(4) is primarily the result of such Party's failure to comply with its covenants herein.

"**Parent**" means iCON Infrastructure Partners III, L.P., a limited partnership existing under the laws of England & Wales.

"**Parties**" means, collectively, the Company and the Purchaser and "**Party**" means any one of them.

"**Permitted Distributions**" means a dividend of the Company not in excess of $0.075 per Common Share payable on January 29, 2016 to Common Shareholders of record on December 29, 2015 (and the corresponding equivalent distribution per Class B Unit) and quarterly dividends not in excess of $0.3125 per Preferred Share, in each case, consistent with the current practice of the Company (including with respect to timing) and, with respect to the Company's non-wholly owned Subsidiaries and the Non-Controlled Entities, any dividend or other distribution made on a *pro rata* basis to all holders of equity interests in such Person in the ordinary course of the normal day-to-day operations of the business of such Person, as well as any dividend or other distribution not made on a *pro rata* basis to all holders of equity interests in such Person in the ordinary course of the normal day-to-day operations of the business of such Person set out in Section 1.1 – Permitted Distributions of the Company Disclosure Letter.

"**Permitted Liens**" means, in respect of the Company or any of its Subsidiaries, any one or more of the following:

(i) Liens or deposits for Taxes, assessments or governmental charges or levies which are not due or delinquent or which are being contested in good faith by appropriate Proceedings;

(ii) easements, rights of way, restrictions, restrictive covenants, servitudes and similar rights in real property, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires and cables that do not materially adversely affect the use of the relevant property as it is being used at the date hereof;

(iii) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, warehousemen, carriers and others in respect of the construction, maintenance, repair, operation or storage of Company Assets, or

other Liens arising out of judgments or awards with respect to which an appeal or other Proceeding for review is being prosecuted;

(iv) municipal by-laws, regulations, zoning law, building or land use restrictions and other limitations imposed by any Governmental Entity having jurisdiction over real property and any other restrictions affecting or controlling the use, marketability or development of real property;

(v) customary rights of general application reserved to or vested in any Governmental Entity to control or regulate any interest in the facilities in which the Company or any of its Subsidiaries conduct their business, provided that such Liens, encumbrances, exceptions, agreements, restrictions, limitations, contracts and rights (a) were not incurred in connection with any indebtedness and (b) do not, individually or in the aggregate, have a material adverse effect on the value or materially impair or add material cost to the use of the subject property;

(vi) Liens against furniture, leasehold improvements and equipment securing indebtedness incurred to finance the acquisition of such furniture, leasehold improvements or equipment;

(vii) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of combination of accounts or similar rights in the Ordinary Course in relation to deposit accounts or other funds maintained with a creditor depository institution;

(viii) pledges, deposits and Liens under worker's compensation laws, employment insurance laws or similar legislation; good faith deposits in connection with bids, tenders and contracts; deposits to secure surety or appeal bonds;

(ix) registered agreements with any Governmental Entities or public utilities, including subdivision agreements, development agreements, engineering or grading agreements and similar agreements;

(x) easements, rights of way, servitudes and similar rights in real property for the passage, ingress and egress of Persons and vehicles over parts of the Company Assets that do not materially adversely affect the use of the relevant property as it is being used at the date hereof;

(xi) cost sharing, servicing, access, reciprocal and other similar agreements with neighbouring landowners and/or Governmental Entities that do not materially adversely affect the use of the relevant property as it is being used at the date hereof;

(xii) any minor encroachments by any structure located on the Company Assets onto any adjoining lands and any minor encroachment by any structure located on adjoining lands onto the Company Assets;

(xiii) any reservations, exceptions, limitations, provisos and conditions contained in the original Crown grant or patent;

(xiv) any leases, licenses or occupancy agreements granted by the Company, its Subsidiaries and the Non-Controlled Entities over portions of the Company Assets that do not materially adversely affect the use of the relevant property as it is being used at the date hereof;

(xv) any Liens in connection with (A) credit, loan or other financing Contracts that have been disclosed in the Data Room or (B) any such Contracts entered into after the date hereof in compliance with this Agreement;

(xvi) any encumbrances registered as of the Effective Time against title to real property comprising Company Assets in applicable Land Registry Offices; and

(xvii) such other imperfections of title or Liens as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties.

"**Person**" includes any individual, partnership, limited partnership, association, body corporate, organization, joint venture, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form set out in Schedule A, subject to any amendments or variations to such plan made in accordance with this Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably.

"**Pre-Acquisition Reorganization**" has the meaning ascribed thereto in Section 4.10.

"**Preferred Shares**" means the cumulative five-year rate reset preferred shares, series A in the capital of the Company.

"**Proceeding**" means any suit, claim, action, charge, complaint, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, audit, examination or investigation commenced, brought, conducted or heard by or before, any court or other Governmental Entity.

"**PSUs**" means performance share units of the Company issued under the Company LTIP.

"**Purchaser Termination Fee**" has the meaning ascribed thereto in Section 8.3(1).

"**Recipient**" has the meaning ascribed thereto in Section 4.6(1).

"**Registrar**" means the registrar appointed pursuant to Section 400 of the BCBCA.

"**Regulatory Approvals**" means, any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required under Laws to consummate the transactions contemplated by the Arrangement, including the Required Regulatory Approvals.

"**Release**" means any spill, leak, pumping, addition, pouring, emission, emptying, discharge, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance into the environment.

"**Representative**" has the meaning ascribed thereto in Section 5.1(1).

"**Required Regulatory Approvals**" means the Regulatory Approvals specified in Schedule C.

"**RSUs**" means restricted share units of the Company issued under the Company LTIP.

"**Securities Authority**" means the applicable securities commission or securities regulatory authority of a province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (Ontario) and any other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities.

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*, except that, with respect to the Company, the Bristol Water Entities will not be considered Subsidiaries.

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal from an arm's length third party made after the date of this Agreement: (i) to acquire 100% of the outstanding Common Shares, or Company Assets (including voting or equity securities of its Subsidiaries and/or voting or equity interests in Non-Controlled Entities) representing all or substantially all of the assets of the Company; (ii) that did not result from or involve a breach of this Agreement; (iii) in respect of which the Board determines in good faith, after receiving the advice of its outside legal counsel and financial advisors, that any required financing to complete such Acquisition Proposal is reasonably likely to be obtained; (iv) that is not subject to a due diligence condition; (v) that the Board determines in good faith, after receiving the advice of its outside legal counsel and financial advisors, is reasonably capable of completion in accordance with its terms without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; and (vi) in respect of which the Board determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, that such Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction which is more favourable, from a financial point of view, to Common Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(1)(v)).

"**Superior Proposal Notice**" has the meaning ascribed thereto in Section 5.4(1)(ii).

"**Tax Act**" means the *Income Tax Act* (Canada).

"**Tax Returns**" means any and all returns, reports, declarations, notices, forms, designations, filings, statements and other similar documents (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"**Taxes**" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"**Terminating Party**" has the meaning ascribed thereto in Section 7.3(3).

"**Termination Fee**" has the meaning ascribed thereto in Section 8.2(2).

"**Termination Fee Event**" has the meaning ascribed thereto in Section 8.2(2).

"**Termination Notice**" has the meaning ascribed thereto in Section 7.3(3).

"**Transaction Personal Information**" has the meaning ascribed thereto in Section 4.6(1).

"**Transferor**" has the meaning ascribed thereto in Section 4.6(1).

"**TSX**" means the Toronto Stock Exchange.

"**Undertaking**" means the confidentiality undertaking with respect to information received by the Parent and the Purchaser regarding CSE Water UK Limited and the Bristol Water Entities entered into by the Parent by deed poll dated October 30, 2015.

"**Värmevärden Entities**" means Sefyr Heat Luxemburg Sárl, Sefyr Värme AB, Värmevärden AB and Värmevärden I Nynashamn AB.

"**Voting Agreements**" means the voting agreements (including all amendments thereto) between the Purchaser and each of the senior officers and directors of the Company setting forth the terms and conditions upon which such senior officers and directors have agreed, among other things, to

vote their Company Securities entitled to vote under the Interim Order in favour of the Arrangement Resolution.

Section 1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

(1) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(2) **Currency.** All references to dollars or to "$" are references to Canadian dollars, unless specified otherwise.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and *vice versa*.

(4) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement.

(5) **Capitalized Terms.** All capitalized terms used in any Schedule or in the Company Disclosure Letter have the meanings ascribed to them in this Agreement.

(6) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge (i) of the Company, it is deemed to refer to the actual knowledge, after reasonable internal inquiry, of the following Company Employees (without personal liability): Michael Bernstein, Michael Smerdon, Jack Bittan, Rob Roberti, Sophia Saeed, David Eva, Waleed Elgohary and Aileen Gien; or (ii) of the Purchaser, it is deemed to refer to the actual knowledge, after reasonable internal inquiry, of the following Persons (without personal liability): Paul Malan, Jeremy Smith, Enis Moran.

(7) **Accounting Terms.** Unless otherwise stated, all accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.

(8) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(9) **Business Days.** If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

(10) **Time References.** References to time are to local time in Toronto, Ontario.

(11) **Subsidiaries.** To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Company, each such provision shall be construed as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(12) **Schedules.** The schedules attached to this Agreement form an integral part of this Agreement.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

Section 2.2 Interim Order

As soon as reasonably practicable after the date of this Agreement, the Company shall apply in a manner acceptable to the Purchaser, acting reasonably, pursuant to Section 291 of the BCBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

(i) for the classes of Persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(ii) that the requisite level of approval for the Arrangement Resolution shall be:

(A) the favourable vote of holders of not less than two-thirds of the votes cast on such resolution by Common Shareholders present in person or represented by proxy at the Company Meeting;

(B) the favourable vote of holders of not less than two-thirds of the votes cast on such resolution by Common Shareholders and holders of Class B Units, voting together as a single class, present in person or represented by proxy at the Company Meeting;

(C) the favourable vote of holders of not less than a majority in number and not less than 75% of the principal amount of the Company 2016 Debentures present in person or represented by proxy at the Company Meeting and voted upon the Arrangement Resolution; and

(D) the favourable vote of holders of not less than a majority in number and not less than 75% of the principal amount of the CPC 2017 Debentures present in person or represented by proxy at the Company Meeting and voted upon Arrangement Resolution;

(iii) that, in all other respects, the terms, restrictions and conditions of the Company Constating Documents, including quorum requirements and all other matters, shall apply in respect of the Company Meeting, except that the terms, restrictions and conditions of the Indentures, including quorum requirements, shall apply to the voting by holders of the Debentures at the Company Meeting;

(iv) for the grant of the Dissent Rights to those Common Shareholders who are registered Common Shareholders as contemplated in the Plan of Arrangement;

(v) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(vi) that the Company Meeting may be adjourned or postponed from time to time by the Company without the need for additional approval of the Court; and

(vii) that the record date for Company Securityholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment or postponement.

Section 2.3 The Company Meeting

Subject to the terms of this Agreement and the receipt of the Interim Order, the Company shall:

(i) convene and conduct the Company Meeting in accordance with the Interim Order, the Company Constating Documents, the Indentures and Law, with the record date for notice of and voting at the Company Meeting to be as soon as practicable after the date of this Agreement (with the Company using its commercially reasonable efforts to cause it to occur no later than two Business Days after the date of this Agreement), and the date of the Company Meeting to be not more than 60 days following the record date, and, in this regard, the Company shall abridge, as necessary, any time periods that may be abridged under Securities Laws for the purpose of considering the Arrangement Resolution and for any other proper purpose as may be set out in the Company Circular and agreed to by the Purchaser, and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except as required or permitted under Section 5.4(5) or Section 7.3(3), as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled), as required by Law or by a Governmental Entity;

(ii) subject to compliance by the directors and officers of the Company with their fiduciary duties, use commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, using proxy solicitation services firms and cooperating with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;

(iii) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any proxy solicitation services firm engaged by the Company, as requested from time to time by the Purchaser;

(iv) give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting;

(v) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last ten Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;

(vi) promptly advise the Purchaser of any communication (written or oral) received from, or claims brought by (or threatened to be brought by), any Person relating to the purported exercise of Dissent Rights by Common Shareholders or, to the knowledge of the Company, opposition to the Arrangement by Company Securityholder holding at least 2% of the Common Shares on a diluted basis, and the Company shall not settle or compromise or agree to settle or compromise any such Dissent Rights without the prior written consent of the Purchaser, not to be unreasonably withheld, conditioned or delayed, and the Company shall provide the Purchaser with an opportunity to review and comment on any written communication sent by or on behalf of the Company to any Common Shareholder exercising or purporting to exercise Dissent Rights and provide the Purchaser with a copy of any such written communication.

Section 2.4 The Company Circular

(1) Subject to the Purchaser's compliance with Section 2.4(4), the Company shall promptly prepare and complete the Company Circular, together with any other documents required by Law in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed with the applicable Securities Authorities and sent to each Company Securityholder required by the Interim Order and Law, in each case using all commercially reasonable efforts so as to permit the Company Meeting to be held by the date specified in Section 2.3(i).

(2) The Company shall ensure that the Company Circular complies in all material respects with the Interim Order and Law, does not contain any Misrepresentation (other than with respect to any information relating to and furnished by the Purchaser) and provides the Common Shareholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include: (i) a copy of each of the Fairness Opinions; (ii) a statement that the Board determined that the Arrangement is in the best interests of the Company and unanimously recommends that Common Shareholders, the holders of Class B Units and the holders of Debentures vote in favour of the Arrangement Resolution (the "**Board Recommendation**"); and (iii) a statement that each director and executive officer of the Company, collectively holding approximately 0.36% of the Common Shares outstanding, have entered into the Voting

Agreements pursuant to which, and subject to their terms, they have committed to vote in favour of the Arrangement Resolution.

(3) The Company shall allow the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its legal counsel, and agrees that all information relating solely to the Purchaser or the Parent included in the Company Circular must be in a form and content satisfactory to the Purchaser, acting reasonably.

(4) The Purchaser shall provide to the Company in writing all information concerning the Purchaser, the Parent, their respective affiliates and any financing sources, as applicable, as may be reasonably required by the Company in the preparation of the Company Circular or other related documents and shall ensure that such information does not contain, or cause the Company Circular to contain, any Misrepresentation.

(5) The Company and the Purchaser shall promptly notify each other if any of them becomes aware that the Company Circular contains a Misrepresentation or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to those Persons to whom the Company Circular was sent pursuant to Section 2.4(1) and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

Section 2.5 Final Order

If the Interim Order is obtained and the requisite approval of the Arrangement Resolution by the Common Shareholders and by the Common Shareholders and holders of Class B Units, voting together, is obtained at the Company Meeting, as required by applicable Law and the Interim Order, the Company shall, as soon as reasonably practicable (but in any event within three Business Days) thereafter, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the BCBCA.

Section 2.6 Court Proceedings

The Purchaser will cooperate with the Company in pursuing the Interim Order and the Final Order, including by providing the Company on a timely basis any information required to be supplied by the Purchaser in connection therewith. The Company will provide the Purchaser and its legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement (including by providing, on a timely basis and prior to the service and filing of such material, a description of any information required to be supplied by the Purchaser for inclusion in such material) and the Company will give reasonable consideration to all such comments, and will accept the reasonable comments of the Purchaser and its legal counsel with respect to any such materials. The Company will ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. In addition, the Company will not object to legal counsel to the Purchaser

making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably. The Company will also provide the Purchaser's legal counsel, on a timely basis, with copies of any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or Final Order. Subject to applicable Law, the Company will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.6 or with the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that nothing herein shall require the Purchaser to agree or consent to any increase in the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations set forth in any such filed or served materials or under this Agreement or the Arrangement. The Company will also oppose any proposal from any party that the Final Order contain any provision inconsistent with this Agreement, and, if at any time after the issuance of the Final Order and prior to the Effective Date, the Company is required by the terms of the Final Order or by Law to return to Court with respect to the Final Order, it shall do so after notice to, and in consultation and cooperation with, the Purchaser.

Section 2.7 Employment Matters

From and after the Effective Time, the Purchaser shall cause the Company or the Subsidiaries (and any successor to the Company or the Subsidiaries) to honour and perform, all of the obligations of the Company and any of its Subsidiaries under Contracts with current or former Company Employees, including offer letters and employment and other agreements, and Employee Plans, in accordance with their terms as in effect immediately before the Effective Time.

Section 2.8 Company Options, Class B Units and Share-Based Securities

(1) In accordance with the Plan of Arrangement, at the time specified in the Plan of Arrangement, each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be transferred from the holder thereof to the Company in consideration for a cash payment by or on behalf of the Company equal to the amount, if any, by which the Consideration exceeds the exercise price per Common Share of such Company Option, subject to (for greater certainty) applicable Tax withholdings and other source deductions. Each Company Option issued and outstanding immediately prior to the step in the Plan of Arrangement addressing the Company Options shall thereafter be immediately cancelled, the holder thereof shall thereafter have only the right to receive the consideration to which such holder is entitled pursuant to this Section 2.8(1) and in the manner specified in the Plan of Arrangement, and all option agreements related thereto shall be terminated. The Company shall take all steps necessary or desirable to give effect to the foregoing.

(2) In accordance with the Plan of Arrangement, at the time specified in the Plan of Arrangement, each Class B Unit outstanding immediately prior to the Effective Time shall be transferred from the holder thereof to the Purchaser for the Consideration.

(3) In accordance with their terms, the Company shall cause each outstanding RSU, PSU and DSU to vest not later than the Effective Time (with the PSUs and DSUs (PSU) using a

performance multiplier of 1.0). Vested RSUs, PSUs and DSUs will be settled at the Effective Time in cash in an amount equal to the Consideration in accordance with the Plan of Arrangement.

Section 2.9 Effective Date

(1) The Arrangement shall become effective on the date upon which the Company and the Purchaser agree in writing as the Effective Date or, in the absence of such agreement, ten Business Days following the satisfaction or waiver of all conditions to completion of the Arrangement set out in Article 6 (excluding Section 6.3(3) *[Payment of Consideration]*, Section 6.3(4) *[Completion of Debt Financing]* and any conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, waiver of those conditions as of the Effective Date by the applicable Party or Parties for whose benefit such conditions exist) and the Arrangement shall be effective at the Effective Time on the Effective Date and will have all of the effects provided by applicable Law.

(2) The closing of the Arrangement will take place at the offices of Blake, Cassels & Graydon LLP in Toronto, Ontario or at such other location as may be agreed upon by the Parties.

Section 2.10 Payment of Consideration

The Purchaser shall, following receipt of the Final Order but prior to the Effective Time, provide the Depositary with sufficient funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) to satisfy the aggregate Consideration for the Common Shares and Class B Units, other than the Consideration payable in respect of Common Shares to be issued to holders of CPC 2017 Debentures under the Plan of Arrangement, in each case in connection with the Arrangement and in accordance with the terms of this Agreement.

Section 2.11 Adjustments to Consideration

If, on or after the date of this Agreement, the Company sets a record date for any distribution on the Common Shares (other than a Permitted Distribution) that is prior to the Effective Date or the Company pays any distribution on the Common Shares (other than a Permitted Distribution) prior to the Effective Time, the Consideration shall be reduced by the amount of such distribution per Common Share.

Section 2.12 Taxation of Company Options

The Parties acknowledge that no deduction will be claimed by the Company in respect of any payment made to a holder of Company Options in respect of the Company Options pursuant to the Plan of Arrangement who is a resident of Canada or who is employed in Canada (both within the meaning of the Tax Act) in computing the Parties' taxable income under the Tax Act, and the Company shall: (i) where applicable, make an election pursuant to subsection 110(1.1) of the Tax Act in respect of the cash payments made in exchange for the surrender of Company Options, and (ii) provide evidence in writing of such election to holders of Company Options, it being understood that holders of Company Options shall be entitled to claim any deductions

available to such persons pursuant to the Tax Act in respect of the calculation of any benefit arising from the surrender of Company Options.

Section 2.13 Withholding Taxes

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable or otherwise deliverable to any Company Securityholders under the Plan of Arrangement such amounts as the Purchaser, the Company or the Depositary, as applicable, are required or reasonably believe to be required to deduct and withhold from such consideration under any provision of any Law in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes under this Agreement as having been paid to the Company Securityholders in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity.

Section 2.14 List of Shareholders

At the reasonable request of the Purchaser from time to time, the Company shall, as soon as reasonably practicable, provide the Purchaser with a list (in both written and electronic form) of the registered Company Securityholders, together with their addresses and respective holdings of Common Shares and other Company Securities, with a list of the names and addresses and holdings of all Persons having rights issued by the Company to acquire Common Shares (including holders of Company Options, DSUs, RSUs, PSUs and Class B Units) and a list of non-objecting beneficial owners of Common Shares and other Company Securities, together with their addresses and respective holdings of Common Shares or other Company Securities, all as of a date that is as close as reasonably practicable prior to the date of delivery of such lists. The Company shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of holders of Company Securities and lists of holdings and other assistance as the Purchaser may reasonably request.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company

(1) Except as set forth in the Company Disclosure Letter (it being expressly understood and agreed that the disclosure of any fact or item in any section of the Company Disclosure Letter shall only be deemed to be an exception to (or, as applicable, disclosure for the purposes of) (i) the representations and warranties of the Company that are contained in the corresponding section of this Agreement and (ii) any other representation or warranty of the Company in this Agreement to which the relevance of such fact or item is reasonably apparent) or as disclosed in the Company Filings, the Company represents and warrants to the Purchaser as set forth in Schedule D and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in this Agreement, neither the Company nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Company, including any representation as to the accuracy or completeness of any information regarding the Company furnished or made available to the Parent, the Purchaser, or any officer, director, employee, representative (including any financial or other advisor) or agent of either the Parent, the Purchaser or any of their Subsidiaries or as to the future revenue, profitability or success of the Company, or any representation or warranty arising in Law.

(3) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated at the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

Section 3.2 Representations and Warranties of the Purchaser

(1) The Purchaser represents and warrants to the Company as set forth in Schedule E and acknowledges and agrees that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in this Agreement, neither the Purchaser nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Purchaser.

(3) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated at the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

ARTICLE 4
COVENANTS

Section 4.1 Conduct of Business of the Company

(1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed, and in any event the Purchaser shall respond within five days of any request for consent), (ii) as required or permitted by this Agreement, (iii) as required by Law or Contract or (iv) as expressly set out in the Company Disclosure Letter, the Company shall, and shall cause its Subsidiaries to, conduct their business in the Ordinary Course, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets (including, for greater certainty, the Company Assets), goodwill and business relationships with other Persons with which the Company or any of its Subsidiaries have business relations.

(2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective

Time and the time that this Agreement is terminated in accordance with its terms, except (i) with the express prior written consent of the Purchaser (such consent not to be unreasonably withheld, conditioned or delayed, and in any event the Purchaser shall respond within five days of any request for consent), (ii) as required or expressly permitted by this Agreement, (iii) as required by Law or existing Contract or (iv) as set out in the Company Disclosure Letter, the Company shall not, and the Company shall not permit any of its Subsidiaries to, directly or indirectly:

(i) amend its notice of articles, articles, articles of incorporation, articles of amalgamation, articles of continuance, by-laws, declaration of trust, partnership agreement or similar organizational documents;

(ii) split, combine, reclassify or amend any term of any securities of the Company or any of its Subsidiaries;

(iii) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any securities of the Company or any of its Subsidiaries (except for a transaction between two or more Persons each of whom is a wholly-owned Subsidiary of the Company or between the Company and one or more Persons, each of whom is a wholly-owned Subsidiary of the Company);

(iv) issue, grant, deliver, or sell, or authorize the issuance, grant, delivery, or sale, of any Common Shares or any options, warrants or similar rights exercisable or exchangeable for or convertible into Common Shares, except for (a) the issuance of Common Shares issuable upon the exercise of the outstanding Company Options, the exchange of the outstanding Class B Units or the conversion of the outstanding Company 2016 Debentures or CPC 2017 Debentures, in each case in accordance with their terms, (b) in accordance with the terms of the Company DRIP or (c) transactions between two or more Persons each of whom is a wholly-owned Subsidiary of the Company, or between the Company and one or more Persons each of whom is a wholly-owned Subsidiary of the Company;

(v) declare, set aside or pay any dividend or other distribution or payment in cash, securities or property with respect to any class of securities which is not a Permitted Distribution (except transactions in the Ordinary Course and consistent with past practice between two or more wholly-owned Subsidiaries of the Company or between the Company and one or more of its wholly-owned Subsidiaries);

(vi) acquire (by merger, consolidation, acquisition of shares or assets (not including capital expenditures permitted under (xi) below) or otherwise), directly or indirectly, in one transaction or in a series of related transactions, any assets, securities, properties, interests or businesses having a cost (inclusive of assumed liabilities), on a per transaction or series of related transactions basis, in excess of $1 million;

(vii) amalgamate or merge with any other Person;

(viii) adopt a plan of liquidation or resolutions providing for its liquidation or dissolution;

(ix) sell, lease or otherwise transfer any Company Assets or any interest in any Company Assets having an aggregate value for all such transactions of $1 million, other than Company Assets sold, leased or otherwise transferred in the Ordinary Course or obsolete, damaged or destroyed assets or a transaction between two or more Persons each of whom is a wholly-owned Subsidiary of the Company or between the Company and one or more Persons, each of whom is a wholly-owned Subsidiary of the Company;

(x) grant any Lien (other than Permitted Liens or in connection with actions otherwise permitted by Section 4.1) on any Company Assets;

(xi) except as disclosed in Section 4.1(2)(xi) of the Company Disclosure Letter, make any capital expenditures or commitment to do so other than expenditures or commitments relating to the maintenance of its assets that, in the aggregate, do not exceed $1 million;

(xii) make any material Tax election or designation where such making is inconsistent with past practice and is not necessary to avoid the triggering of Tax or gain in the taxation year to which the election or designation relates, settle or compromise any material Tax claim, assessment, reassessment or liability, file any amended Tax Return, waive or extend the statutory limitation period relating to any Taxes, enter into any material agreement with a Governmental Entity with respect to Taxes, surrender any right to claim a material Tax abatement, reduction, deduction, exemption, credit or refund or materially amend or change any of its methods for reporting income, deductions or accounting for income Tax purposes;

(xiii) except in the Ordinary Course in connection with customary cash management activities, make, in one transaction or in a series of related transactions, any loans, advances or capital contributions to, or investments in, any other Persons, other than the Company or any of its Subsidiaries, in excess of $1 million in the aggregate;

(xiv) prepay any long-term indebtedness before its scheduled maturity or create, incur, assume or otherwise become liable, in one transaction or in a series of related transactions, with respect to any indebtedness for borrowed money or guarantees thereof in an amount, on a per transaction or series of related transactions basis, in excess of $1 million other than (a) indebtedness owing by the Company or a wholly-owned Subsidiary of the Company to the Company or to another wholly-owned Subsidiary of the Company, (b) the repayment of indebtedness owing by the Company to MPT LTC Holding LP in connection with funding a Permitted Distribution on the Class B Units, (c) indebtedness required to be incurred by the terms of any joint venture agreement or other agreement with third party co-investors; (d) subject to Section 4.12, in connection with the refinancing of indebtedness outstanding on the date hereof that is refinanced in the Ordinary Course, (e) in connection with advances under the Company's or any of its Subsidiaries' existing credit facilities in connection with actions otherwise

permitted by Section 4.1, (f) in connection with repayments of the Company's existing revolving credit facility or (g) indebtedness entered into in the Ordinary Course or in connection with the Arrangement;

(xv) except as may be required by applicable Law or the terms of any existing Employee Plan or Contract disclosed to the Purchaser prior to the date hereof: (a) increase any severance, change of control or termination pay to (or amend any existing arrangement with) any Company Employee or any director of the Company or any of its Subsidiaries; (b) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any director or officer or senior manager of the Company or, other than in the Ordinary Course, any Company Employee (other than a director or officer or senior manager); (c) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any Company Employee having an annual salary greater than $100,000; (d) increase compensation, retention or incentive compensation or other benefits payable to any director or officer of the Company or any of its Subsidiaries or, other than in the Ordinary Course, any Company Employee (other than a director or officer); (e) loan or advance money or other property by the Company or its Subsidiaries to any of their present or former directors, officers or Company Employees; (f) establish, adopt, enter into, amend or terminate any Employee Plan (or any plan, agreement, program, policy, trust, fund or other arrangement that would be an Employee Plan if it were in existence as of the date hereof) or collective bargaining agreement; (g) grant any equity-based awards; or (h) increase, or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Employee Plan;

(xvi) make any material change in the Company's methods of accounting, except as required by GAAP, or pursuant to written instructions, comments or orders from any applicable Securities Authority;

(xvii) waive, release, assign, settle or compromise any Proceeding in a manner that could require a payment by, or release another Person of an obligation to, the Company or any of its Subsidiaries in excess of $1 million in the aggregate, or which could reasonably be expected to have a Material Adverse Effect (other than claims reflected or reserved against in the audited financial statements of the Company for the year ended December 31, 2014 or in any subsequent financial statements of the Company filed on SEDAR prior to the date hereof or incurred in connection with the transactions contemplated by this Agreement);

(xviii) in connection with actions otherwise permitted by Section 4.1, amend or modify in any material respect or terminate or waive any material right under any Material Contract or enter into, amend or modify in any material respect any contract or agreement that would be a Material Contract if in effect on the date hereof;

(xix) except as contemplated in Section 4.9, amend, modify, terminate, cancel or let lapse any material insurance (or re-insurance) policy of the Company or any of its Subsidiaries in effect on the date of this Agreement, other than scheduled

renewals of any insurance policy in effect on the date hereof in the Ordinary Course;

(xx) other than in the Ordinary Course for hedging purposes, enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(xxi) make any change of the Helios Solar Star A-1 Partnership from a general partnership to a limited partnership; or

(xxii) agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

(3) The Company shall use the efforts described below to cause each of the Non-Controlled Entities to comply with the provisions of Section 4.1(2), other than Section 4.1(2)(xv) and Section 4.1(2)(xvi), as if it were a Subsidiary of the Company. The efforts required to meet the foregoing obligation shall be limited to: (i) in the case of an action requiring or capable of requiring the approval of the board of directors (or equivalent body) of a Non-Controlled Entity, requesting that the Company's (or its Subsidiaries') representatives on such board (or equivalent body) propose such action for consideration by the board (or equivalent body) and vote in favour of or against such action when considered by such board (or equivalent body) so as to give effect to such provisions; and (ii) in the case of an action requiring or capable of requiring the approval of the holders of voting securities of a Non-Controlled Entity, to vote such voting securities held by it (or is Subsidiaries) in favour of or against such action so as to give effect such provisions; and (iii) to the extent permitted by Law, to inform and provide information to the Purchaser related to such actions.

Section 4.2 Covenants of the Company Relating to the Arrangement

(1) Subject to the terms and conditions of this Agreement, the Company shall perform, shall cause its Subsidiaries to perform and shall take commercially reasonable efforts to cause the Non-Controlled Entities to perform, all obligations required or desirable to be performed by the Company, any of its Subsidiaries or any of the Non-Controlled Entities under this Agreement, cooperate with the Purchaser in connection therewith, and do all such other acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Company shall and, where appropriate, shall cause its Subsidiaries and shall take commercially reasonable efforts to cause the Non-Controlled Entities to:

(i) use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to this Agreement or the Arrangement;

(ii) use its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are necessary or advisable under the Material

Contracts to permit the consummation of the transactions contemplated by this Agreement or required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case on terms satisfactory to the Purchaser, acting reasonably and without paying or providing a commitment to pay any consideration in respect thereof without the prior written consent of the Purchaser;

(iii) use its commercially reasonable efforts to, upon reasonable consultation with the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement, provided that neither the Company nor any of its Subsidiaries shall consent to the entry of any judgment or settlement with respect to any such Proceeding without the prior written approval of the Purchaser, not to be unreasonably withheld, conditioned or delayed;

(iv) use its commercially reasonable efforts to assist in causing each member of its Board and the board of directors of each of its wholly-owned Subsidiaries, and the Company's or its Subsidiaries' designated or nominated directors on the board of directors (or equivalent body) of each of its non-wholly owned Subsidiaries and the Non-Controlled Entities, (in each case to the extent requested by the Purchaser) to be replaced by Persons designated or nominated, as applicable, by the Purchaser effective as of the Effective Time; and

(v) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which could reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.

(2) The Company shall promptly notify the Purchaser orally and, promptly thereafter, in writing of:

(i) any Material Adverse Effect or events that are expected to result in a Material Adverse Effect;

(ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement or the transactions contemplated hereby or thereby; or

(iii) any material Proceeding commenced or, to the Company's knowledge, threatened against, relating to or involving or otherwise affecting (a) the Company, its Subsidiaries, the Company Assets and/or, to the knowledge of the Company, the Non-Controlled Entities, in each case the value of which is $500,000 or greater or (b) this Agreement or the Arrangement.

Section 4.3 Covenants of the Purchaser

(1) Subject to the terms and conditions of this Agreement, the Purchaser shall perform all obligations required or desirable to be performed by it under this Agreement, cooperate with the Company in connection therewith, and do all such other acts and things as may be necessary or desirable to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, the Purchaser shall:

(i) other than in connection with obtaining the Required Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4, use its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and the Final Order applicable to it and comply promptly with all requirements imposed by Law on it with respect to this Agreement or the Arrangement;

(ii) other than in connection with obtaining the Required Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4, use its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it relating to the Arrangement as soon as reasonably practicable;

(iii) other than in connection with obtaining the Required Regulatory Approvals, which approvals shall be governed by the provisions of Section 4.4, use its commercially reasonable efforts, upon reasonable consultation with the Company, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement or the transactions contemplated thereby; and

(iv) not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which could reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.

(2) The Purchaser shall promptly notify the Company in writing of any notice or other communication from any Person (other than Governmental Entities in connection with the Required Regulatory Approvals, which shall be addressed as contemplated by Section 4.4) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement.

(3) The Purchaser shall use commercially reasonable efforts to take, or cause to be taken, all actions, and do, or cause to be done, all things to: (i) maintain in effect the Debt Commitment Letter; (ii) subject to the satisfaction or waiver of conditions set forth herein, consummate the Debt Financing contemplated by the Debt Commitment Letter at

or prior to the Effective Date on the terms and conditions described therein or on other terms acceptable to the Purchaser, acting in its sole discretion, that would not adversely impact the ability or likelihood of the Purchaser to consummate the transactions contemplated herein, including the negotiation and execution of definitive credit or loan or other agreements and all other documentation with respect to the Debt Financing (correct and complete copies of which shall be delivered to the Company promptly upon execution thereof) and (iii) subject to the satisfaction or waiver of conditions set forth herein, cause its Lenders to fund the Debt Financing required to consummate the transactions contemplated by the Debt Commitment Letter, including if necessary, taking enforcement actions to cause such Lenders to provide such Debt Financing in accordance with the terms thereof.

(4) The Purchaser shall not amend or alter, or agree to amend or alter, the Debt Commitment Letter or any definitive agreement or documentation referred to in Section 4.3(3) in any manner that would reasonably be expected to materially impair, delay or prevent the consummation of the transactions contemplated by this Agreement, in each case without the prior written consent of the Company, provided that the Purchaser may replace and amend the Debt Commitment Letter for the Debt Financing so long as (i) the aggregate amount of the Debt Financing contemplated thereby is not decreased by an amount that exceeds the amount, if any, by which the aggregate amount of the equity commitment referred to in the Equity Commitment Letter is increased; (ii) the terms are no less favourable to the Company in any material respect, including with respect to conditionality thereof, and (iii) such replacement or amendment, as the case may be, would not expand the conditions to the Debt Financing set forth in the Debt Commitment Letter as of the date hereof in a manner that would reasonably be expected to materially delay or prevent the Effective Time; and in any such event, the Purchaser shall disclose to the Company its intention to obtain such alternative financing, shall keep the Company informed of the terms thereof and shall deliver to the Company final drafts of the replaced or amended Debt Commitment Letter providing for such alternative financing and, if requested to do so by the Purchaser, the Company shall within a reasonable time (and in no event more than three Business Days thereafter) inform the Purchaser as to whether they agree that such alternative financing is on terms no less favourable (including, with respect to the conditionality thereof) to the Company than the Debt Commitment Letter. The Purchaser shall keep the Company informed with respect to all material activity concerning the status of the Debt Financing under the Debt Commitment Letter and shall promptly (and in any event within one Business Day) notify the Company of: (i) the expiration or termination (or attempted or purported termination, whether or not valid) of the Debt Commitment Letter, or (ii) any refusal of any Lender to provide, or any stated intent by any such Lender to refuse to provide, the full Debt Financing contemplated by the Debt Commitment Letter, in each case notwithstanding the efforts of the Purchaser to satisfy its obligations under Section 4.3(3) or this Section 4.3(4), and the Purchaser shall use its commercially reasonable efforts to promptly arrange for alternative financing in the amounts contemplated by the Debt Commitment Letter to replace the Debt Financing contemplated by such expired or terminated commitments or arrangements or for which such Lender has refused to provide. The Purchaser shall deliver correct and complete copies of any modified or replacement Debt Commitment Letter to the Company as promptly as practicable following the execution thereof.

(5) The Purchaser acknowledges and agrees that, except as expressly provided herein or in the Plan of Arrangement, none of the Company or any of its Subsidiaries shall have any responsibility for any financing that the Purchaser may raise in connection with the transactions contemplated hereby. The Purchaser also acknowledges and agrees that the Purchaser's obtaining financing is not a condition to any of its obligations hereunder, regardless of the reasons why financing is not obtained or whether such reasons are within or beyond the control of the Purchaser, other than a material breach by the Company or its Subsidiaries of Section 4.7.

(6) The Purchaser shall use its commercially reasonable efforts to obtain funds pursuant to the Equity Commitment Letter required to pay the aggregate Consideration for Common Shares and Class B Units and to otherwise carry out its obligations under this Agreement in the manner contemplated herein.

(7) The Purchaser will use its commercially reasonable efforts to (i) satisfy, on a timely basis, all covenants, terms, representations and warranties applicable to the Purchaser in the Equity Commitment Letter that are within its control and (ii) enforce its rights under the Equity Commitment Letter.

Section 4.4 Required Regulatory Approvals

(1) In connection with obtaining the Required Regulatory Approvals, as promptly as practicable, and in any event within 10 Business Days after the date of this Agreement, (i) the Purchaser shall (a) submit a letter to the Commissioner of Competition in support of and requesting an advance ruling certificate pursuant to Subsection 102(1) of the Competition Act or, in lieu thereof, a No Action Letter and (b) file its application for review to the Director of Investments pursuant to Section 17 of the ICA, and (ii) the Purchaser and the Company shall, or shall cause its relevant Subsidiaries to, file its respective notification pursuant to Section 114 of the Competition Act ("**Competition Notification**"), unless the Parties mutually agree in writing to either not file a Competition Notification or on an alternative period of time in which to file a Competition Notification, and any other notification, submission or application that is necessary in order to obtain the Required Regulatory Approvals (if any). Each of the Purchaser and the Company shall, or shall cause its relevant Subsidiaries to, respond promptly and fully to any requests for information or to any requests for a meeting from any Governmental Entity in connection with obtaining the Required Regulatory Approvals.

(2) All filing fees and applicable Taxes in respect of any filing made to any Governmental Entity in respect of any Required Regulatory Approval shall be the sole responsibility of the Purchaser.

(3) With respect to obtaining the Required Regulatory Approvals, each of the Purchaser and the Company shall:

(i) not extend or consent to any extension of any applicable waiting or review period or enter into any agreement with a Governmental Entity to not consummate the transactions contemplated by this Agreement, except upon the prior consent of the other Parties, such consent not to be unreasonably withheld, conditioned or

delayed, provided that the Purchaser may agree to extend the period for approval under the ICA not in excess of twenty days;

(ii) promptly notify the other Parties of written or oral communications from a Governmental Entity relating to any Required Regulatory Approval and provide the other Parties with copies thereof;

(iii) use its commercially reasonable efforts to respond to any inquiries or requests received from a Governmental Entity in respect of any Required Regulatory Approval at the earliest practicable date;

(iv) permit the other Parties to review in advance any proposed written communications of any material nature (including, but not limited to, any notification, application, submission, or offer of a remedy or undertaking) with a Governmental Entity in respect of any Required Regulatory Approval and to give due consideration to any comments and suggestions received from such other Parties;

(v) provide the other Parties with final copies of any written communications of any nature with a Governmental Entity in respect of any Required Regulatory Approval; and

(vi) not participate in any meeting or material discussion (whether in person, by phone or otherwise) with a Governmental Entity in respect of any Required Regulatory Approval unless it consults with the other Parties in advance and gives the other Parties the opportunity to attend thereat (except (a) where the timing of the response requested by the Governmental Entity does not reasonably permit such review, (b) the Governmental Entity expressly requests that the other should not be present at the meeting or discussion or part or parts of the meeting or discussion, or (c) where competitively or commercially sensitive information may be discussed, in which case, with respect to meetings and discussions with the Governmental Entity, every effort will be made to allow external legal counsel to participate).

(4) Where a Party (the "**Supplying Party**") is required to supply any information in this Section to the other Parties (the "**Receiving Parties**") that includes competitively or commercially sensitive information, the Supplying Party may provide a redacted version removing the competitively or commercially sensitive information to the Receiving Party provided that the Supplying Party also provides a complete, non-redacted version to the Receiving Parties' external legal counsel on an external legal counsel only basis and the Receiving Parties shall not request such competitively or commercially sensitive information from their external legal counsel.

(5) The Purchaser shall, and shall cause its Subsidiaries to, not take or agree to take any action, or assist, counsel or encourage any third party not to take or agree to enter into any acquisition or other corporate transaction, whether directly or indirectly, after the date of this Agreement until the earlier of the termination of this Agreement or the Effective Date, that would be reasonably likely to (i) materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any Governmental

Entity necessary to be obtained prior to the Effective Date, (ii) materially increase the risk of any Governmental Entity entering an order prohibiting the consummation of the transactions contemplated by this Agreement, including the Arrangement, (iii) materially increase the risk of not being able to have vacated, lifted, reversed or overturned any such order on appeal or otherwise or (iv) otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement, including the Arrangement.

(6) The Purchaser shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to obtain and maintain the Required Regulatory Approvals as soon as practicable and in any event by no later than the Outside Date.

(7) No Party shall, and no Party shall permit its directors, officers, agents or representatives to, make any false or disparaging public or private statement that is reasonably likely to materially impair the reputation, goodwill or commercial interest of the other Party such that it reduces the likelihood of the closing of the Arrangement to occur.

Section 4.5 Access to Information; Confidentiality

(1) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to Law and the terms of any existing Contracts, the Company shall, shall cause its Subsidiaries and their respective officers, directors, Company Employees, independent auditors, advisers and agents to, and shall use its commercially reasonable efforts to cause the Non-Controlled Entities to, afford the Parent and the Purchaser and its officers, employees, agents and representatives such access as the Purchaser may reasonably request at all reasonable times, including for the purpose of facilitating integration business planning, to their offices, properties, books and records, and shall make available to the Parent or the Purchaser all financial data and other information as the Purchaser may reasonably request (including continuing access to the Data Room); provided that: (i) the Parent or the Purchaser provides the Company with reasonable notice of any request under this Section 4.5(1); (ii) access to any materials contemplated in this Section 4.5(1) (other than the materials on the Data Room) shall be provided during the Company's normal business hours only and in such manner not to interfere unreasonably with the conduct of the business of the Company, its Subsidiaries or the Non-Controlled Entities; and (iii) none of the Parent, the Purchaser or any of their representatives shall contact officers or employees of the Company, any of its Subsidiaries or any of the Non-Controlled Entities except after prior approval of the CEO, Executive Vice-President, Business Development of the Company and/or the Interim General Counsel & Corporate Secretary of the Company, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the Company shall not be obligated to provide access to, or to disclose, any information to the Parent or the Purchaser if the Company reasonably determines that such access or disclosure would violate applicable Law, result in the disclosure of any trade secrets or similar information or violate any obligations of the Company or any other Person with respect to confidentiality, jeopardize any privilege claim by the Company, any of its Subsidiaries or any of the Non-Controlled Entities, interfere unreasonably with the conduct of the business of the Company, its Subsidiaries or the Non-Controlled Entities or require any action by the Company outside of normal business hours. All requests for information made pursuant to this Section 4.5(1) shall solely be directed to the CEO,

Executive Vice President, Business Development and/or the Interim General Counsel & Corporate Secretary of the Company.

(2) Investigations made by or on behalf of the Purchaser or the Parent, whether under this Section 4.5 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in this Agreement.

(3) The Confidentiality Agreement and the Undertaking continue to apply, and any information provided under Section 4.5(1) is confidential and shall be subject to the terms of the Confidentiality Agreement and the Undertaking.

Section 4.6 Privacy Matters

(1) For the purposes of this section, "**Transaction Personal Information**" means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (a "**Recipient**") by or on behalf of another Party (a "**Transferor**") as a result of or in conjunction with the Arrangement, and includes all such personal information disclosed to the Recipient prior to the execution of this Agreement.

(2) Each Transferor acknowledges and confirms that the disclosure of Transaction Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement and that the disclosure of Transaction Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.

(3) In addition to its other obligations hereunder, the Recipient covenants and agrees to: (i) prior to the completion of the Arrangement, collect, use and disclose the Transaction Personal Information solely for the purpose of reviewing and completing the Arrangement, including for the purpose of determining to complete the Arrangement; (ii) protect and safeguard Transaction Personal Information against unauthorized collection, use or disclosure; and (iii) return or destroy the Transaction Personal Information, at the option of the Transferor, should the Arrangement not be completed.

Section 4.7 Debt Financing Assistance

(1) The Company shall, shall cause its Subsidiaries to, and shall use commercially reasonable efforts to cause the Non-Controlled Entities to provide such cooperation (including with respect to timeliness) to the Purchaser as the Purchaser may reasonably request in connection with the arrangements by the Purchaser to obtain the Debt Financing, subject to the terms hereof (provided that: (i) such request is made on reasonable notice; (ii) such cooperation does not unreasonably interfere with the ongoing operations of the Company, its Subsidiaries or the Non-Controlled Entities, or unreasonably interfere with or hinder or delay the performance by the Company, its Subsidiaries or the Non-Controlled Entities of their obligations hereunder; (iii) none of the Board or the boards of directors (or equivalent bodies) of the Company's Subsidiaries or the Non-Controlled Entities shall be required to enter into any resolutions or take similar action approving the Debt Financing;

(iv) the Company shall not be required to provide, or cause any of its Subsidiaries to provide, cooperation that involves any binding commitment by the Company or its Subsidiaries which is not conditional on the completion of the Arrangement and does not terminate without liability to the Company and its Subsidiaries upon the termination of this Agreement, and the Non-Controlled Entities will not be required to provide any such commitment in any case; and (v) any actions taken hereunder are in compliance with Section 4.1), including, but not limited to:

(i) cooperating with the diligence efforts of the Purchaser and the Lenders for all or any portion of the Debt Financing, in each case, upon reasonable notice and at mutually agreeable dates and times;

(ii) furnishing the Purchaser and the proposed Lenders at least ten Business Days prior to the closing of the Arrangement with all documentation and other information reasonably requested by the Lenders related to the Company, its Subsidiaries and the Non-Controlled Entities as required by any Governmental Entity with respect to the Debt Financing under applicable "know your customer" rules and regulations, including the *PATRIOT Act* (United States);

(iii) furnishing the Purchaser and the proposed Lenders, within a reasonable amount of time following the Purchaser's reasonable request, with financial and other information available to the Company relating to the Company, its Subsidiaries and the Non-Controlled Entities to the extent required to consummate the Debt Financing in accordance with the terms of the Debt Commitment Letter, including using commercially reasonable efforts to obtain any necessary consents from auditors such that their information may be used for the purposes of the Debt Financing;

(iv) cooperating with the marketing efforts, if any, of the Lenders for any portion of the Debt Financing (or alternative financing);

(v) cooperating with the Purchaser's legal counsel in connection with any legal opinions that such legal counsel may be required to deliver in connection with the Debt Financing;

(vi) using commercially reasonable efforts to assist the Purchaser in giving the Purchaser and the Lenders and their respective representatives reasonable access to the offices, properties, books, records and other information of Company and its Subsidiaries, including, if and to the extent required to facilitate (A) the grant by the Purchaser, the Company or its Subsidiaries, at or after the Effective Time of security in any collateral as may be required by the Debt Commitment Letter and (B) the satisfaction by the Purchaser, the Company or its Subsidiaries, of the closing conditions set forth in the Debt Commitment Letter, facilitating the pledging of collateral effective on or after the Effective Time (including cooperation in connection with the payoff or release of existing indebtedness of Company and its Subsidiaries (if requested by the Purchaser)); facilitating the provision of any insurance certificates and endorsements required by the Debt Commitment Letter, and taking all corporate actions reasonably necessary to permit the consummation of the Debt Financing and to permit the proceeds

thereof to be made available to CPC in accordance with the Plan of Arrangement; provided that if the Company has used commercially reasonable efforts as provided in this clause, nothing in this clause affects the obligations of the Purchaser to obtain the Debt Financing,

(vii) facilitating the removal of Liens, provided that no obligation of the Company, its Subsidiaries or the Non-Controlled Entities under any agreement shall be operative until the Effective Date; and

(viii) otherwise using commercially reasonable efforts to assist the Purchaser in connection with the arrangements by the Purchaser to obtain the Debt Financing.

(2) Notwithstanding Section 4.7(1), neither the Company nor any of its Subsidiaries shall be required by the Purchaser to: (i) pay any commitment, consent or other similar fee or incur any other liability in connection with any such financing prior to the Effective Time; (ii) take any action or do anything that would: (A) contravene any applicable Law; or (B) contravene any of the Company's, any of its Subsidiaries' or the Non-Controlled Entities' agreements that relate to borrowed money or any Material Contract; or (C) be capable of impairing or preventing the satisfaction of any condition set forth in Article 6; (iii) commit to take any action that is not contingent on the consummation of the transactions contemplated herein at the Effective Time; or (iv) disclose any information that in the reasonable judgment of the Company would result in the disclosure of any trade secrets or similar information or violate any obligations of the Company or any other Person with respect to confidentiality.

(3) The Purchaser shall, promptly upon request by the Company and from time to time, reimburse the Company, its Subsidiaries and the Non-Controlled Entities for all reasonable and documented out-of-pocket costs (including reasonable and documented out-of-pocket legal fees) incurred by the Company, its Subsidiaries or the Non-Controlled Entities in connection with any of the actions contemplated by this Section 4.7.

Section 4.8 Public Communications

The Parties shall agree on the text of joint press releases by which they will announce (i) the execution of this Agreement and (ii) the completion of the Arrangement. Except as required by Law, no Party shall issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Law (other than in connection with the Required Regulatory Approvals contemplated by Section 4.4) or to ensure compliance with the fiduciary duties of its board of directors shall, if permitted by Law, use its commercially reasonable efforts to give the other Parties prior oral or written notice and a reasonable opportunity to review or comment on the disclosure (other than with respect to confidential information contained in such disclosure) and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure. The Parties acknowledge that the Company will file this Agreement and a material change report relating thereto on SEDAR. Nothing herein or in the Confidentiality Agreement will preclude the Purchaser and the Parent from communicating with their respective investors concerning the terms of the Arrangement or funding arrangements in connection therewith.

Section 4.9 Insurance and Indemnification

(1) Prior to the Effective Date, the Company shall obtain from an insurance carrier with the same or better credit rating as the Company's current insurance carriers with respect to directors' and officers' liability insurance, and fully pay a single premium for, customary "tail" policies of directors' and officers' liability insurance providing protection for not less than six years from and after the Effective Time and with terms, conditions, retentions and limits of liability that are no less favourable to the directors and officers in the aggregate than the protection provided by the policies maintained by the Company which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date. Notwithstanding any of the foregoing, in no event will the Company be permitted to expend for any insurance policies pursuant to this Section 4.9(1) an amount in excess of 300% of the annual premiums currently paid by Company for directors' and officers' liability insurance, which the Company represents and warrants is $123,000.

(2) From and after the Effective Time, the Purchaser shall cause the Company to, indemnify and hold harmless, to the fullest extent permitted under applicable Law (and to also advance expenses as incurred to the fullest extent permitted under applicable Law), each present and former director and officer of the Company and its Subsidiaries and each present and former designate or nominee of the Company or its Subsidiaries on the board of directors (or equivalent body) of the Non-Controlled Entities (each, an "**Indemnified Person**") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any Proceeding arising out of or related to such Indemnified Person's service as a director or officer of the Company, any of its Subsidiaries and/or any of the Non-Controlled Entities or services performed by such persons at the request of the Company, any of its Subsidiaries or any of the Non-Controlled Entities at or prior to or following the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including the approval or completion of this Agreement and the Arrangement or any of the other transactions contemplated by this Agreement or arising out of or related to this Agreement and the transactions contemplated hereby. None of the Purchaser, the Company or any of their respective Subsidiaries shall, and they will use commercially reasonable efforts to ensure that no Non-Controlled Entity shall, settle, compromise or consent to the entry of any judgment in any Proceeding involving or naming an Indemnified Person or arising out of or related to an Indemnified Person's service as a director or officer of the Company, any of its Subsidiaries and/or any of the Non-Controlled Entities or services performed by such Indemnified Person at the request of the Company, any of its Subsidiaries or any of the Non-Controlled Entities at or prior to or following the Effective Time without the prior written consent of that Indemnified Person, unless such settlement, compromise or consent includes an unconditional release of such Indemnified Person from all liability arising out of such Proceeding.

(3) The Purchaser shall, and shall use commercially reasonable efforts to cause the Non-Controlled Entities to, honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries and the Company's and its Subsidiaries' designates, nominees and appointees as officers and directors of the Non-Controlled Entities to the extent that they

are disclosed in Section 4.9(3) of the Company Disclosure Letter or are otherwise on usual terms for indemnity arrangements, and acknowledges that such rights, to the extent that they are disclosed in Section 4.9(3) of the Company Disclosure Letter or are otherwise on usual terms for indemnity arrangements, shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six years from the Effective Date.

(4) If any Indemnified Person makes any claim for indemnification or advancement of expenses under this Section 4.9 that is denied by the Company or the Purchaser, and a court of competent jurisdiction determines that the Indemnified Person is entitled to such indemnification, then the Company and the Purchaser shall pay such Indemnified Person's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against the Company or the Purchaser.

(5) The rights of the Indemnified Persons under this Section 4.9 shall be in addition to any rights such Indemnified Persons may have under the constating documents of the Company, any of its Subsidiaries and the Non-Controlled Entities, or under any applicable Law or agreement of any Indemnified Person with the Company, any of its Subsidiaries or any of the Non-Controlled Entities. All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto in favour of any Indemnified Person as provided in the constating documents of the Company, any of its Subsidiaries or any of the Non-Controlled Entities or any agreement between such Indemnified Person and the Company, any of its Subsidiaries or any of the Non-Controlled Entities shall survive the Effective Time for a period of not less than six years and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.

(6) If either of the Company or the Purchaser or any of their successors or assigns shall (i) amalgamate, consolidate with or merge or wind-up into any other person and shall not be the continuing or surviving corporation or entity; or (ii) transfer all or substantially all of its properties and assets to any person, then, and in each such case, proper provisions shall be made so that the successors and assigns and transferees of the Company or the Purchaser as the case may be, shall assume all of the obligations set forth in this Section 4.9.

Section 4.10 Pre-Acquisition Reorganization

The Company agrees that the Company shall, and shall cause each of the Company's Subsidiaries to, use commercially reasonable efforts to (i) take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable under Law to effect such reorganizations of the Company's or any of the Company's Subsidiary's business, operations and assets as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**") and (ii) co-operate with the Purchaser and its advisors in order to determine the nature of a Pre-Acquisition Reorganization that might be undertaken and the manner in which they might most effectively be undertaken; provided, however, that: (A) the Pre-Acquisition Reorganization does not require the approval of the Company Securityholders, (B) the Pre-Acquisition Reorganization does not reduce, or impact the form of, the consideration to be received by the Company Securityholders under the Plan of Arrangement, (C) the Pre-

Acquisition Reorganizations are not prejudicial, in any material respect, to the Company Securityholders, (D) the Pre-Acquisition Reorganization does not require the Company or any of the Company's Subsidiaries to contravene (i) any Laws, (ii) its or their respective organizational documents or (iii) any Contract, (E) the Pre-Acquisition Reorganization does not prevent, materially delay or impede the ability of the Company to consummate the Arrangement, (F) the Pre-Acquisition Reorganization does not result in Taxes being imposed on, or other adverse Tax consequences to, the Company Securityholders generally that are materially greater than the Taxes imposed on or other consequences to the Company Securityholders in connection with the completion of the Arrangement in the absence of such Pre-Acquisition Reorganization, (G) the Pre-Acquisition Reorganizations shall not become effective unless the Purchaser has waived or confirmed in writing the satisfaction of all conditions in its favour under Section 6.1 and Section 6.2, (H) the Pre-Acquisition Reorganization does not unreasonably or materially interfere with the operations of the Company, any of its Subsidiaries or the Non-Controlled Entities prior to or as at the Effective Time and (I) the Pre-Acquisition Reorganization could not result, in the opinion of the Company, acting reasonably, in the Company and the Company's Subsidiaries incurring (now or in the future) fees, costs and expenses in considering and effecting any Pre-Acquisition Reorganizations or suffering or incurring any liabilities, losses, damages, claims, costs, expenses, interest, awards, judgements, penalties and Taxes in connection with or as a result or in connection with implementing, modifying, reversing, terminating or unwinding of any Pre-Acquisition Reorganizations in excess of $10,000,000 in the aggregate if the Arrangement is not completed. The Purchaser acknowledges and agrees that any Pre-Acquisition Reorganizations shall not be considered in determining whether a representation, warranty or covenant of the Company hereunder has been breached. The Purchaser shall provide written notice to the Company of any Pre-Acquisition Reorganization at least ten (10) Business Days prior to the Effective Date. The Purchaser and the Company shall at the expense of the Purchaser work co-operatively and use their commercially reasonable efforts to prepare prior to the Effective Date all documentation necessary and do all such other acts and things as are reasonably necessary to give effect to such Pre-Acquisition Reorganization, including amending the Plan of Arrangement to give effect to the Pre-Acquisition Reorganizations (provided that such amendments do not require the Company to obtain approval of Company Securityholders), and using commercially reasonable efforts to obtain all necessary consents, approvals or waivers from any Persons to effect each Pre-Acquisition Reorganization. The Purchaser shall forthwith reimburse the Company for all reasonable fees, costs and expenses incurred by the Company and the Company's Subsidiaries in considering and effecting the Pre-Acquisition Reorganizations if the Arrangement is not completed. The Purchaser shall indemnify and save harmless the Company, the Company's Subsidiaries and their respective officers, directors, employees, agents, advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgements, penalties and Taxes suffered or incurred by any of them in connection with or as a result or in connection with implementing, modifying, reversing, terminating or unwinding of any Pre-Acquisition Reorganization. The obligations of the Purchaser hereunder shall survive termination of this Agreement.

Section 4.11 Resignations

The Company will use commercially reasonable efforts to cause all directors and officers of the Company and its Subsidiaries specified by the Purchaser at least five Business Days prior to the Effective Date to resign effective at the Effective Time from being a director and/or officer (but not as a Company Employee, if applicable). The Company shall use commercially

reasonable efforts to secure mutual releases, in a form and substance satisfactory to the Purchaser, among the Company and the Purchaser, on one hand, and each resigning director of the Company, on the other hand.

Section 4.12 Acquisitions, Developments and Refinancings

The Company agrees that the Company shall, and shall cause each of the Company's Subsidiaries to, keep the Purchaser reasonably informed of the status of the Company's and each of its Subsidiary's plans and negotiations with respect to any refinancing of indebtedness permitted under Section 4.1 or material acquisition, development or expansion of properties or lands, including those acquisitions, developments or expansions that are permitted pursuant to Section 4.1. The Company shall consult with the Purchaser with respect to such plans and provide the Purchaser with a reasonable opportunity to review and comment on any material plans or related agreements or arrangements, and shall give reasonable consideration to any comments made by the Purchaser.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation

(1) Except as provided in this Article 5, the Company and its Subsidiaries shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Company or of any of its Subsidiaries (collectively, "**Representatives**"):

(i) solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Parent and the Purchaser) regarding any Acquisition Proposal or inquiry, proposal or offer reasonably expected to lead to an Acquisition Proposal, provided that the Company may (a) communicate with any Person for the purposes of clarifying the terms of any inquiry, proposal or offer made by such Person that constitutes, or could reasonably be expected to constitute or lead to, an Acquisition Proposal; (b) advise any Person of the restrictions of this Agreement; and (c) advise any Person making an Acquisition Proposal that the Board has determined that such Acquisition Proposal does not constitute a Superior Proposal, in each case, if, in so doing, no other information that is prohibited from being communicated under this Agreement is communicated to such Person;

(iii) withdraw, amend, modify or qualify in a manner adverse to the Purchaser or the consummation of the Arrangement, or publicly propose or state an intention to

withdraw, amend, modify or qualify in a manner adverse to the Purchaser or the consummation of the Arrangement, the Board Recommendation;

(iv) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than ten Business Days will not be considered to be in violation of this Section 5.1, provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such ten Business Day period); or

(v) accept, approve, endorse, recommend or execute or enter into or publicly propose to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by and in accordance with Section 5.3).

(2) The Company shall, and shall cause its Subsidiaries and their Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation or other activities commenced prior to the date of this Agreement with any Person (other than the Parent and the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith, the Company will:

(i) discontinue disclosure of information to and access to the Data Room for any such Person; and

(ii) within three Business Days of the date hereof, request, and exercise all rights it has to require (a) the return or destruction of all copies of any confidential information regarding the Company or any of its Subsidiaries provided to any such Person and (b) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any of its Subsidiaries provided to any such Person, in each case using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

(3) The Company covenants and agrees that (i) it shall take all commercially reasonable action necessary to enforce each confidentiality, standstill or similar agreement, restriction or covenant to which it or any of its Subsidiaries is a party and (ii) neither it, nor any of its Subsidiaries or any of their respective Representatives have or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company or any of its Subsidiaries under any confidentiality, standstill or similar agreement, restriction or covenant to which the Company or any of its Subsidiaries is a party (it being acknowledged by the Purchaser that the automatic termination or release of any standstill

restrictions as a result of entering into and announcing this Agreement shall not be a violation of this Section 5.1(3)).

Section 5.2 Notification of Acquisition Proposals

If the Company or any of its Subsidiaries or any of their respective Representatives receives any written or oral Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any of its Subsidiaries, including but not limited to information, access or disclosure relating to the properties, facilities, books or records of the Company or any of its Subsidiaries, the Company shall immediately notify the Purchaser, at first orally and then promptly (and in any event within 48 hours) in writing, of such Acquisition Proposal or request, including a description of its material terms and conditions, and the identity of all Persons making the Acquisition Proposal or request and shall provide the Purchaser with summaries or copies of all written documents or other material received in respect of, from or on behalf of any such Person. The Company shall keep the Purchaser reasonably informed of the status of developments and negotiations with respect to any such Acquisition Proposal or request, including any changes, modifications or other amendments to the material terms thereof.

Section 5.3 Responding to an Acquisition Proposal

(1) Notwithstanding Section 5.1, if at any time prior to the Company Meeting, the Company receives a written Acquisition Proposal from a Person, the Company may enter into, participate in, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of any information, properties, facilities, books or records of the Company and its Subsidiaries to such Person, if and only if:

(i) the Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal;

(ii) such Acquisition Proposal did not result from a material breach by the Company of its obligations under this Article 5 or by the proposing party of any contract with the Company;

(iii) prior to providing any such copies, access or disclosure, (a) the Company enters into a confidentiality and standstill agreement with such Person on terms that are no less favourable, taken as a whole, to the Company than those of the Confidentiality Agreement and the Undertaking and (b) any such copies, access or disclosure provided to such Person shall have already been (or shall simultaneously be) provided to the Purchaser; and

(iv) prior to providing any such copies, access or disclosure to such Person, the Company provides the Purchaser with a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(iii).

(2) Nothing contained in this Agreement shall prohibit the Board from making disclosure to Company Securityholders to comply with their fiduciary duties in response to a Superior

Proposal or as required by applicable Securities Laws in response to an Acquisition Proposal (including by responding to an Acquisition Proposal in a directors' circular). In addition, nothing contained in this Agreement shall prevent the Company or the Board from calling and holding a meeting of the Company Securityholders, or any of them, requisitioned by the Company Securityholders, or any of them, in accordance with the BCBCA or ordered to be held by a court in accordance with applicable Laws.

Section 5.4 Right to Match

(1) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Effective Date, the Board may, subject to compliance with Article 7 and Section 8.2, authorize the Company to enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(i) such Acquisition Proposal did not result from a material breach by the Company of its obligations under this Article 5 or by the proposing party of any contract with the Company;

(ii) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement with respect to such Acquisition Proposal (a "**Superior Proposal Notice**");

(iii) the Company has provided the Purchaser with a copy of the proposed definitive agreement for the Superior Proposal and all supporting materials supplied to the Company in connection therewith;

(iv) at least five Business Days have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received all of the materials set forth in Section 5.4(1)(iii) (the "**Matching Period**");

(v) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(vi) after the Matching Period, the Board has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2)); and

(vii) prior to or concurrently with entering into such definitive agreement the Company terminates this Agreement pursuant to Section 7.2(1)(iii)(B) and pays the Termination Fee pursuant to Section 8.2.

(2) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (i) the Board shall review any offer made by the Purchaser

under Section 5.4(1)(v) to amend the terms of this Agreement and the Arrangement, in good faith in and in consultation with outside legal and financial advisors, to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously determined to constitute a Superior Proposal ceasing to be a Superior Proposal; and (ii) if such Acquisition Proposal would no longer constitute a Superior Proposal, the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms.

(3) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the securityholders of the Company or other material terms or conditions of such Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 5.4 and the Purchaser shall be afforded a new Matching Period in connection therewith, provided that, notwithstanding Section 5.4(1)(iv) above, the duration of such Matching Period shall be three Business Days rather than five Business Days.

(4) The Board shall promptly reaffirm the Board Recommendation by press release if the Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal.

(5) If the Company provides a Superior Proposal Notice to the Purchaser on a date that is less than five Business Days before the Company Meeting, the Company shall be entitled to, and the Purchaser shall be entitled to require the Company to, adjourn or postpone the Company Meeting to a date that is not more than ten Business Days after the date of the Superior Proposal Notice.

(6) Any violation of the restrictions set forth in this Article 5 by the Company, its Subsidiaries or their respective Representatives shall be deemed to be a breach of this Article 5 by the Company.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(1) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted at the Company Meeting by the Common Shareholders in accordance with the Interim Order.

(2) **Interim Order and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement and have not been set aside or modified

in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.

(3) **Illegality.** No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement.

(4) **Required Regulatory Approvals.** Each of the Required Regulatory Approvals has been obtained.

(5) **Proceedings.** No Proceeding shall be pending or overtly threatened by any Governmental Entity seeking an injunction, judgment, decree or other order to prevent or challenge the consummation of the Arrangement or the other transactions contemplated by this Agreement.

Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(1) **Representations and Warranties.** (i) The representations and warranties of the Company set forth in Sections (1) *[Organization and Qualification]* and (2) *[Authorization]* of Schedule D shall be true and correct in all material respects as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date); (ii) the representations and warranties of the Company set forth in Section (6) *[Capitalization]* and Section (7)(b) *[Ownership of CPC]* of Schedule D shall be true and correct in all respects (except for *de minimis* errors) as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date); and (iii) all other representations and warranties of the Company set forth in this Agreement shall be true and correct in all respects as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except to the extent that the failure or failures of such representations and warranties (in this subparagraph (iii)) to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for the purpose of this subparagraph (iii), any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored); and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) and addressed to the Purchaser and dated the Effective Date.

(2) **Performance of Covenants.** The Company and its Subsidiaries shall have fulfilled or complied in all material respects with each of the covenants of the Company and its Subsidiaries contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and the Company shall have delivered to the Purchaser a certificate addressed to the Purchaser, dated the Effective Date and executed by two of its senior officers (without personal liability), confirming same.

(3) **Dissent Rights.** Dissent Rights shall not have been exercised with respect to more than 10% of the issued and outstanding Common Shares.

(4) **Material Adverse Effect.** Since the date of this Agreement there shall not have been or occurred a Material Adverse Effect.

(5) **Refinancing.** The refinancing of the outstanding debt of certain facilities specified in Section 6.2(5) of the Company Disclosure Letter shall have been completed substantially on the terms specified in Section 6.2(5) of the Company Disclosure Letter.

Section 6.3 Additional Conditions Precedent to the Obligations of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(1) **Representations and Warranties.** The representations and warranties of the Purchaser set forth in this Agreement which are qualified by references to materiality are true and correct in all respects as of the Effective Time, as if made at and as of the Effective Time (except, in each case, for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), and all other representations and warranties of the Purchaser set forth in this Agreement are true and correct in all material respects as of the Effective Time, as if made at and as of the Effective Time (except, in each case, for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), in each case, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not materially impede the completion of the Arrangement, and the Purchaser shall have delivered to the Company a certificate addressed to the Company, dated the Effective Date and executed by two of its senior officers (without personal liability), confirming same.

(2) **Performance of Covenants.** The Purchaser shall have fulfilled or complied in all material respects with its covenants contained in this Agreement to be fulfilled or complied with by them on or prior to the Effective Time, and the Purchaser shall have delivered to the Company a certificate addressed to the Company, dated the Effective Date and executed by two of its senior officers (without personal liability), confirming same.

(3) **Payment of Consideration.** The Purchaser shall have complied with its obligations under Section 2.10 and the Depositary will have confirmed to the Company receipt from or on behalf of the Purchaser of the funds contemplated by Section 2.10.

(4) **Completion of Debt Financing.** (i) The Lenders shall have confirmed in writing that (A) they have irrevocably waived or confirmed the satisfaction of all conditions precedent in their favour in connection with the Debt Financing except for any conditions that by their nature can only be satisfied as of the closing of such Debt Financing and (B) subject to satisfaction of all conditions precedent in their favour in connection with the Debt Financing that by their nature can only be satisfied as of the closing of such

Debt Financing, the Lenders stand ready, willing and able to consummate the Debt Financing and deliver the funds to CPC (or as directed by CPC) under and in accordance with the Debt Financing; or (ii) the Parent, the Purchaser or any of their respective affiliates stand ready, willing and able to deliver the funds to CPC (or as directed by CPC) necessary for CPC to fully comply with its obligations under the Plan of Arrangement at the time(s) specified therein.

Section 6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released at the Effective Time. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between the Purchaser and the Depositary, all funds held in escrow by the Depositary pursuant to Section 2.10 hereof shall be released from escrow at the Effective Time without any further act or formality required on the part of any person.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

Section 7.2 Termination

(1) This Agreement may be terminated and the Arrangement abandoned at any time prior to the Effective Time (notwithstanding approval of the Arrangement Resolution and/or receipt of the Final Order) by:

(i) the mutual written agreement of the Parties; or

(ii) the Company or the Purchaser, if:

(A) the Arrangement Resolution is not approved by either (x) the Common Shareholders, voting alone, or (y) the Common Shareholders and holders of Class B Units, voting together as a single class, at the Company Meeting in accordance with the Interim Order;

(B) after the date of this Agreement, any Law is enacted or made that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement and such Law has, if applicable, become final and non-appealable; or

(C) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(ii)(C) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of

its covenants or agreements under this Agreement, provided however, that in the event that the condition set forth in Section 6.1(4) *[Required Regulatory Approvals]* is satisfied or, to the extent permitted at law or by the terms of this Agreement, waived within the ten Business Day period prior to the Outside Date, then the Purchaser shall have the right to extend the Outside Date by up to ten Business Days following the date of satisfaction or waiver of such condition; or

(iii) the Company if:

(A) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1) *[Purchaser Representations and Warranties Condition]* or Section 6.3(2) *[Purchaser Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 7.3; provided that the Company is not then in breach of this Agreement so as to cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied; or

(B) prior to the Company Meeting, the Board authorizes the Company, subject to complying with the terms of this Agreement (including the terms of Section 5.1 and payment of the Termination Fee in accordance with Section 8.2) to enter into a written agreement (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) with respect to a Superior Proposal; or

(C) the Purchaser does not provide or cause to be provided to the Depositary sufficient funds to complete the purchase of the Company Securities (other than the Debentures) contemplated by the Agreement as required pursuant to Section 2.10 or the condition in Section 6.3(4) *[Completion of Debt Financing]* is not satisfied by the Effective Date; provided that the Company is not then in breach of this Agreement so as to cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied; or

(iv) the Purchaser, if:

(A) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 7.3; provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in Section 6.3(1) *[Purchaser*

Representations and Warranties Condition] or Section 6.3(2) *[Purchaser Covenants Condition]* not to be satisfied;

(B) (A) the Board fails to recommend, or withdraws, amends, modifies or qualifies, or publicly proposes to withdraw, amend, modify or qualify, the Board Recommendation, in each case in a manner adverse to the Purchaser, (B) the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend, an Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for a period of no more than five Business Days will not be considered to be an acceptance, approval, endorsement or recommendation of such Acquisition Proposal, provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five Business Day period), (C) the Board accepts or enters into or publicly proposes to accept or enter into any written agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3), (D) the Company breaches Section 5.1 in a material respect or (E) the Board fails to publicly reaffirm the Board Recommendation within five Business Days of the Purchaser requesting such reaffirmation; or

(C) after the date hereof, a Material Adverse Effect shall have occurred.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(i) *[Mutual Agreement]*) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

Section 7.3 Notice and Cure Provisions

(1) Each Party shall promptly notify the other Parties of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(i) cause any of the representations or warranties of any Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or

(ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party under this Agreement.

(2) Notification provided under this Section 7.3 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(3) The Purchaser may not elect to exercise its right to terminate this Agreement, pursuant to Section 7.2(1)(iv)(A) *[Company Breach of Representation, Warranty or Covenant]* and

the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(iii)(A) *[Purchaser Breach of Representation, Warranty or Covenant]*, unless the Party seeking to terminate this Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date, the Terminating Party may not exercise such termination right until the earlier of (i) the Outside Date, and (ii) the date that is 15 Business Days following receipt of such Termination Notice by the Breaching Party, if such matter has not been cured by such date. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, the Company may, and shall if requested by the Purchaser, postpone or adjourn the Company Meeting to the earlier of (a) five Business Days prior to the Outside Date and (b) the date that is 20 Business Days following receipt of such Termination Notice by the Breaching Party (without causing any breach of any other provision contained herein).

Section 7.4 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that (i) in the event of termination under Section 7.1 as a result of the Effective Time occurring, Section 4.9 shall survive for a period of six years thereafter; (ii) in the event of termination under Section 7.2, Section 4.5(3), Section 4.6, Section 4.7(3), Section 4.10, this Section 7.4 and Section 8.2 through to and including Section 8.14 shall survive; and (iii) neither the termination of this Agreement nor anything contained in this Section 7.4 but subject to 8.3(3) shall relieve any Party from any liability for any breach of this Agreement.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments

(1) This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Company Securityholders, and any such amendment may, subject to the Interim Order and Final Order and Laws, without limitation:

(i) change the time for performance of any of the obligations or acts of the Parties;

(ii) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(iii) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(iv) modify any mutual conditions contained in this Agreement.

(2) The Company agrees to amend the Plan of Arrangement at any time prior to the Effective Time in accordance with Section 8.1 of this Agreement to include such other terms determined to be necessary or desirable by the Purchaser, acting reasonably, provided that the Plan of Arrangement shall not be amended in any manner which has the effect of reducing the Consideration or which is otherwise prejudicial to the Company Securityholders or other parties to be bound by the Plan of Arrangement or which is inconsistent with the provisions of this Agreement or that could reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.

(3) Notwithstanding anything to the contrary contained herein, this Section 8.1(3), Section 8.7, Section 8.3(3), Section 8.12(3) and (4) and Section 8.14(2) may not be amended, supplemented, waived or otherwise modified in a manner adverse to the Lenders without the prior written consent of such Lenders.

Section 8.2 Termination Fee

(1) If a Termination Fee Event occurs, the Company shall pay or cause to be paid to the Purchaser as agent of and on behalf of Parent the Termination Fee in accordance with Section 8.2(3).

(2) For the purposes of this Agreement, "**Termination Fee**" means $19,000,000, and "**Termination Fee Event**" means the termination of this Agreement:

(i) by the Purchaser, pursuant to Section 7.2(1)(iv)(B) *[Change in Recommendation]*;

(ii) by the Company, pursuant to Section 7.2(1)(iii)(B) *[Superior Proposal]*;

(iii) by the Company or the Purchaser, pursuant to Section 7.2(1)(ii)(A) *[Arrangement Resolution not Approved]* or Section 7.2(1)(ii)(C) *[Effective Time not Prior to Outside Date]*, if:

(A) prior to such termination, an Acquisition Proposal is proposed, offered or made to the Board or publicly announced or otherwise publicly disclosed by any Person; and

(B) within 12 months following the date of such termination, a definitive agreement is entered into with respect to an Acquisition Proposal and such proposal (whether or not amended) is consummated at any time thereafter.

For purposes of the foregoing, the term "**Acquisition Proposal**" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to "50% or more", and notwithstanding anything else herein, for the purpose of this Section, an Acquisition Proposal includes the direct or indirect sale of all or substantially all of the interest of the Company and its Subsidiaries in the Bristol Water Entities, CPC or sale or all or substantially all of the assets of CPC.

(3) For the purposes of this Agreement, "**Company Expense Fee Event**" means the termination of this Agreement:

(i) by the Purchaser or the Company pursuant to Section 7.2(1)(ii)(A) *[Arrangement Resolution not Approved]*; or

(ii) by the Purchaser pursuant to Section 7.2(1)(iv)(A) [Breach of Representation, Warranty or Covenant by Company].

If the Company Expense Fee Event occurs, the Company shall pay the Company Expense Fee to the Purchaser, by wire transfer of immediately available funds within two Business Days following such termination to an account specified by the Purchaser; provided that if the Termination Fee is also payable then the Company Expense Fee shall not be payable.

(4) If a Termination Fee Event occurs due to a termination of this Agreement by the Company pursuant to Section 7.2(1)(iii)(B) *[Superior Proposal]*, the Termination Fee shall be paid prior to or concurrently with the occurrence of such Termination Fee Event. If a Termination Fee Event occurs due to a termination of this Agreement by the Purchaser pursuant to Section 7.2(1)(iv)(B) *[Change in Recommendation]*, the Termination Fee shall be paid within two Business Days following such Termination Fee Event. If a Termination Fee Event occurs in the circumstances set out in Section 8.2(2)(iii) *[Acquisition Proposal Tail]*, the Termination Fee, less any Company Expense Fee previously paid, shall be paid upon the consummation/closing of the Acquisition Proposal referred to therein. Any Termination Fee or Company Expense Fee shall be paid, or caused to be paid, by the Company to the Purchaser (or as directed by the Purchaser) as agent of and on behalf of Purchaser by wire transfer in immediately available funds to an account designated by the Purchaser.

(5) Any Termination Fee payable by the Company pursuant to this Agreement shall be paid free and clear of and without deduction or withholding for, or on account of, any present or future Taxes, unless such deduction or withholding is required by Law.

(6) Each Party acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the Termination Fee amount set out in this Section 8.2 represents liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which will be suffered or incurred as a result of the event giving rise to such damages, and are not penalties. The Company irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. The Purchaser agrees that the payment of the Termination Fee in the manner provided in this Section 8.2 is the sole and exclusive remedy of the Parent and the Purchaser in respect of the event giving rise to such payment. Each Party shall also have the right to injunctive and other equitable relief in accordance with Section 8.6 to prevent breaches or threatened breaches of this Agreement and to enforce compliance with the terms of this Agreement.

Section 8.3 Purchaser Termination Fee

(1) If:

(i) the Company shall have terminated this Agreement pursuant to Section 7.2(1)(iii)(A) *[Purchaser Breach of Representations, Warranties or Covenants]* at a time when all of the conditions precedent in Article 6, except for any such condition (A) that by its nature is to be satisfied by actions to be taken at or before the Effective Time by the Purchaser, (B) that remains unsatisfied solely as a result of the Purchaser's breach of any covenant or agreement set forth in this Agreement, or (C) that is unsatisfied as a result of a breach or inaccuracy of a representation or warranty made by the Purchaser in this Agreement, have been satisfied or waived, if the circumstance giving rise to the right of termination is based on a fraudulent act, willful misconduct or an intentional or knowing breach on the part of the Purchaser;

(ii) the Company shall have terminated this Agreement pursuant to Section 7.2(1)(iii)(C) *[Failure to Fund]* at a time when all of the conditions precedent in Article 6, except for Section 6.3(3) *[Payment of Consideration]* and/or Section 6.3(4) *[Debt Financing]*, as well as any other condition that by its nature must be satisfied as of the Effective Time, have been satisfied or waived by the applicable Party or Parties, provided that (A) the Company has first confirmed in writing to the Purchaser that, subject to the satisfaction of the conditions set forth in Section 6.3(3) and Section 6.3(4), as well as any other condition that by its nature must be satisfied as of the Effective Time, the Company stands ready, willing and able to consummate the Arrangement and (B) the conditions in Section 6.3(3) and Section 6.3(4) are not satisfied by the end of the tenth day following the receipt of the confirmation in (A) above, and, if applicable, the Outside Date shall be extended by the number of days necessary to accommodate such ten day period; or

(iii) the Purchaser shall have terminated this Agreement pursuant to Section 7.2(1)(ii)(C) *[Outside Date]* at a time when the Company was entitled to terminate pursuant to Section 7.2(1)(iii)(C) *[Failure to Fund]* and if so the other provisions of paragraph (ii) above would have been applicable,

then in each case the Purchaser shall pay, or cause to be paid, to the Company, by wire transfer of immediately available funds to an account specified by the Company, an amount equal to $30,000,000 (the "**Purchaser Termination Fee**") not later than the second Business Day following the date of such termination. For greater certainty, the Parties acknowledge that the Purchaser shall not be obliged to make more than one Purchaser Termination Fee payment pursuant to this Section 8.3(1).

(2) The Parties acknowledge that the agreements contained in Section 8.3(1) are an integral part of the transactions contemplated by this Agreement and constitute liquidated damages and not a penalty, and that the Company would not have entered into this Agreement without the agreements in Section 8.3(1).

(3) Notwithstanding anything contrary set forth in this Agreement (but in no way derogating from Section 8.14(2)), each of the Parties hereto expressly acknowledges and agrees that following the occurrence of any termination of this Agreement under the circumstances in which the Purchaser Termination Fee is payable pursuant to Section 8.3(1), the right to receive the Purchaser Termination Fee from the Purchaser will constitute the Company's sole and exclusive remedy with respect to any termination of this Agreement against the Purchaser, the Parent, the parties to the Debt Commitment Letter, any Lender or potential source of funding to the Purchaser and the former, current or future equity holders, controlling persons, directors, officers, employees, agents, affiliates, members, managers, general or limited partners or assignees of the Purchaser, the Parent, the parties to the Debt Commitment Letter, Lender, potential source of funding to the Purchaser or any current or future equity holder, controlling person, director, officer, employee, agent, affiliate, member, manager, general or limited partner or of any of the foregoing (collectively, the "**Specified Persons**") for any loss suffered as a result of any breach of any covenant or agreement or the failure of the transactions contemplated hereby to be consummated and upon payment of such amount none of the Specified Persons will have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated hereby except for liability of the Purchaser pursuant to Section 4.7(3) *[Debt Financing Expenses]* and Section 4.10 *[Pre-Acquisition Reorganization]* and the Company shall in no event be entitled to seek or obtain any recovery or judgement in excess of the Purchaser Termination Fee against the Specified Persons, including for any type of damage relating to this Agreement. The Parties hereto expressly acknowledge and agree that, in light of the difficulty of accurately determining actual damages with respect to the foregoing, the right to such payment: (A) constitutes a reasonable estimate of the damages that will be suffered by reason of any such termination of this Agreement, and (B) will be in full and complete satisfaction of any and all damages arising under this Agreement. While the Company may pursue either a grant of specific performance under Section 8.6 *[Specific Performance]* prior to the termination of the Agreement or the payment of the Purchaser Termination Fee under Section 8.3(1) following termination, under no circumstances will the Company be permitted or entitled to receive both a grant of specific performance and the Purchaser Termination Fee.

Section 8.4 Notices

Any notice, or other communication given regarding the matters contemplated by this Agreement will be sufficient if in writing and (i) hand delivered, (ii) sent by certified or registered mail, (iii) sent by express courier or (iv) if notice is also contemporaneously sent by one of the other methods of delivery, sent by facsimile or email, addressed as follows:

(i) to the Purchaser at:

Irving Infrastructure Corp.
700 W Georgia St #25
Vancouver, BC V7Y 1B3

Attention: Paul Malan
Facsimile: [redacted] [REDACTED: Personal information]
Email: [redacted] [REDACTED: Personal information]

with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. box 50
Toronto, ON M5X 1B8

Attention: Chris Murray
Facsimile: 416.862.6666
Email: cmurray@osler.com

(ii) to the Company at:

Capstone Infrastructure Corporation
155 Wellington Street West, Suite 2930
Toronto, Ontario M5V 3H1

Attention: Aileen Gien, Interim General Counsel & Corporate Secretary
Facsimile: [redacted] [REDACTED: Personal information]
Email: [redacted] [REDACTED: Personal information]

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP
199 Bay St., Suite 4000
Toronto, Ontario, Canada
M5L 1A9

Attention: Jeff Lloyd
Facsimile: (416) 863-2653
Email: jeff.lloyd@blakes.com

Any notice or other communication is deemed to be given and received on the day on which it was delivered or, in the case of notices or other communications transmitted by facsimile or email, transmitted (or if such day is not a Business Day or if such notice or communication was delivered or transmitted after 5:00 p.m. (local time in the place of receipt) on the next following Business Day). Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.5 Time of the Essence

Time is of the essence in this Agreement.

Section 8.6 Specific Performance

(1) Subject to Section 8.6(2) and Section 8.6(3), the Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the

Company (so long as the Purchaser Termination Fee has not been paid in accordance with this Agreement), on the one hand, and the Purchaser (so long as the Termination Fee has not been paid), on the other hand, will be entitled to equitable relief without proof of actual damages, including in the form of an injunction or injunctions or orders for specific performance to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement. Subject to Section 8.3, such equitable relief will be in addition to any other remedy to which such Party is entitled at law or equity. Each of the Parties hereto hereby further waives (i) any defence in any action for specific performance that a remedy at law would be adequate and (ii) any requirement under any law to post security as a prerequisite to obtaining equitable relief. Notwithstanding the foregoing, in the event that the Company pays or is required to pay the Termination Fee pursuant to this Agreement, the Company will not be entitled to equitable relief to prevent breaches of this Agreement or to enforce specifically the terms and provisions of this Agreement.

(2) Notwithstanding anything to the contrary in this Agreement, it is explicitly acknowledged and agreed that the Company will be entitled to seek specific performance or injunctive relief with respect to the Purchaser's obligation to cause the equity financing under the Equity Commitment Letter (the "**Equity Financing**") to be funded and to consummate the transactions contemplated hereby only in the event that:

(i) all the conditions in Section 6.1 have been satisfied or waived (other than those conditions that by their nature are to be, and can be satisfied by actions taken at the Effective Time);

(ii) the Debt Financing has been funded or will be funded at the Effective Time in accordance with its terms if the Equity Financing is funded prior the Effective Time in accordance with its terms; and

(iii) the Company seeks specific performance or injunctive relief prior to termination of the Agreement and has irrevocably confirmed in writing to the Purchaser that (A) all of the conditions set forth in Section 6.1 and 6.3 have been satisfied (other than Section 6.3(3) and those conditions that by their nature are to be, and can be, satisfied by actions taken at the Effective Time) or will be waived by the Company; (B) it is prepared to consummate the closing of the transactions contemplated hereby and it stands, ready, willing and able to consummate such transactions and (C) if specific performance is granted and the Debt Financing and the Equity Financing are funded, then the closing of the transactions contemplated hereby will occur.

(3) The Company shall be entitled to seek specific performance of the Purchaser's obligation to enforce the terms of the Debt Commitment Letter, or if alternative financing is being used in accordance with Section 4.3(4), pursuant to the commitments with respect thereto (in each case, subject to the satisfaction of the conditions set forth in the Debt Commitment Letter or in the commitments in respect of such alternative financing, as applicable), but only in the event that all conditions in Section 6.1 and Section 6.2 have been satisfied or waived by the applicable Party or Parties (excluding conditions that, by their terms, cannot be satisfied until the Effective Date), at the time when the Effective Time would have occurred but for the failure of the Debt Financing (and, if not funded,

the Equity Financing) to be funded, and the Company has irrevocably confirmed that if specific performance is granted and the Equity Financing and Debt Financing are funded, then the Effective Time will occur.

Section 8.7 Third Party Beneficiaries

(1) Except as provided in Section 4.9 and Section 8.14(1), which, without limiting their terms, are intended as stipulations for the benefit of the Indemnified Persons and of the other Persons identified therein as the beneficiaries thereof, and except for the right of the Common Shareholders to receive the Consideration and the right of the holders of Class B Units and holders of Incentive Securities to receive the amount payable in respect thereof in connection with the Arrangement, in each case, following the Effective Time and in accordance with the terms of this Agreement, the Company and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any Proceeding or other forum; provided that the Lenders shall be express third party beneficiaries of this Section 8.7 and Section 8.1(3), Section 8.3(3), Section 8.12(3) and (4) and Section 8.14(2), and each of such Sections shall inure to the benefit of the Lenders and the Lenders shall be entitled to rely on and enforce the provisions of such Sections.

(2) Despite the foregoing, the Parties acknowledge to each of the Indemnified Persons their direct rights against the applicable Party under Section 4.9, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company or the Purchaser, as applicable, confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf.

Section 8.8 Waiver

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.9 Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.10 Successors and Assigns

(1) This Agreement becomes effective only when executed by the Company and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company and the Purchaser and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Parties, provided that the Purchaser may assign all or part of its rights under this Agreement to, and all or part of its obligations under this Agreement may be assumed by, any of its affiliates if the Purchaser continues to be liable jointly and severally with such affiliate for all of its obligations hereunder.

Section 8.11 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.12 Governing Law

(1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of Ontario and waives objection to the venue of any Proceeding in such court or that such court provides an inconvenient forum, provided that any court Proceedings will be conducted in the English language.

(3) Notwithstanding anything herein to the contrary, unless otherwise provided in the Debt Commitment Letter, the Company and each of the other Parties hereto agrees that any claim, controversy or dispute of any kind or nature (whether based upon contract, tort or otherwise) against a Lender that is in any way related to this Agreement or any of the transactions contemplated hereby, including any dispute arising out of or relating in any way to the Debt Financing shall be governed by, and construed in accordance with, the laws of Ontario without regard to conflict of law principles.

(4) Notwithstanding anything herein to the contrary, unless otherwise provided in the Debt Commitment Letter, the Company and each of the other Parties hereto agrees that it will not bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against the Lenders in any way relating to this Agreement or any of the transactions contemplated hereby, including any dispute arising out of or relating in any way to the Debt Financing or the performance thereof or the transactions contemplated

thereby, in any forum other than exclusively in the courts of competent jurisdiction in Toronto, Ontario.

Section 8.13 Rules of Construction

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

Section 8.14 No Liability

(1) No director or officer of the Purchaser or any of its Subsidiaries shall have any personal liability whatsoever to the Company or any third party beneficiary under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser or any of its Subsidiaries. No director or officer of the Company or any of its Subsidiaries, or the Company's or its Subsidiaries' appointed, designated or nominated directors on the board of directors (or equivalent body) of or officers of the Non-Controlled Entities shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company, any of its Subsidiaries or any of the Non-Controlled Entities.

(2) Notwithstanding anything to the contrary contained herein, the Company (on behalf of itself and any of its Subsidiaries, directors, officers, employees, agents and representatives) hereby waives any rights or claims against any Lender in connection with this Agreement, the Debt Commitment Letter, the Debt Financing or in respect of any other document or theory of law or equity (whether in tort, contract or otherwise) or in respect of any oral or written representations made or alleged to be made in connection herewith or therewith and the Company (on behalf of itself and any of its Subsidiaries, directors, officers, employees, agents and representatives) agrees not to commence any Proceeding against any Lender in connection with this Agreement, the Debt Commitment Letter, the Debt Financing or in respect of any other document or theory of law or equity and agrees to cause any such Proceeding asserted by the Company (on behalf of itself and any of its Subsidiaries, directors, officers, employees, agents and representatives) in connection with this Agreement, the Debt Commitment Letter, the Debt Financing or in respect of any other document or theory of law or equity against any Lender to be dismissed or otherwise terminated. In furtherance and not in limitation of the foregoing waiver, it is acknowledged and agreed that no Lender shall have any liability for any claims or damages to the Company in connection with this Agreement, the Debt Commitment Letter, the Debt Financing or the transactions contemplated hereby or thereby.

Section 8.15 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or any other form of electronic communication) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this

Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

* * * * * * *

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement on the date first written above.

CAPSTONE INFRASTRUCTURE CORPORATION

By: (Signed) *Michael Bernstein*
Authorized Signing Officer

By: (Signed) *Michael Smerdon*
Authorized Signing Officer

IRVING INFRASTRUCTURE CORP.

By: (Signed) *Paul Malan*
Authorized Signing Officer

SCHEDULE A
PLAN OF ARRANGEMENT

[See Appendix E to this Information Circular]

SCHEDULE B
ARRANGEMENT RESOLUTION

[See Appendix A to this Information Circular]

SCHEDULE C
REQUIRED REGULATORY APPROVALS

Competition Act Approval

ICA Approval

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

(1) **Organization and Qualification.** The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities is a corporation or other entity duly incorporated or organized, as applicable, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable, and has all requisite power and capacity to own, lease and operate its assets and properties and to conduct its business as now owned, leased, operated and conducted. The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities is duly registered or otherwise authorized to carry on business and is in good standing in each jurisdiction in which the character of its assets and properties, whether owned, leased, licensed or otherwise held, or the nature of its activities make such registration or other authorization necessary, and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted, except as to the extent that any failure of the Company, any of its Subsidiaries or the Non-Controlled Entities to be so qualified, licenced or registered or to possess such Authorizations would not reasonably be expected to have a Material Adverse Effect.

(2) **Authorization.** The Company has the requisite power and capacity to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company, and no other proceedings on the part of the Company are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby, other than approval of the Arrangement Resolution in the manner required by the Interim Order and Law and approval of the Arrangement by the Court.

(3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding agreement of the Company enforceable against it in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(4) **Governmental Authorization.** To the knowledge of the Company as of the date hereof, the execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Company, by any of its Subsidiaries or by the Non-Controlled Entities other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) the Required Regulatory Approvals; (iv) filings with the Securities Authorities or the TSX; (v) filings with the Registrar under the BCBCA; and (vi) actions, filings or notifications the absence of which would not reasonably be expected to have a Material Adverse Effect.

(5) **Non-Contravention.** The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not and will not:

(a) contravene, conflict with, or result in any violation or breach of the Company Constating Documents or the organizational documents of any of its Subsidiaries;

(b) assuming compliance with the matters referred to in Paragraph (4) above, contravene, conflict with or result in a violation or breach of any Law applicable to the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities or any of their respective properties or assets, except as would not reasonably be expected to have a Material Adverse Effect;

(c) except as set out in Section D(5)(c) of the Company Disclosure Letter, allow any Person to exercise any rights, require any consent or notice to or other action by any Person, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities is entitled (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Material Contract or any Authorization to which the Company, any of its Subsidiaries or any Non-Controlled Entity is a party or by which the Company, any of its Subsidiaries or any of the Non-Controlled Entities is bound, except as would not reasonably be expected to have a Material Adverse Effect; or

(d) result in the creation or imposition of any Lien (other than Permitted Liens) upon any of the properties or assets of the Company, its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities, except as would not reasonably be expected to have a Material Adverse Effect.

(6) **Capitalization.**

(a) The authorized capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As of the close of business on January 19, 2016, there were 94,396,092 Common Shares and 3,000,000 Preferred Shares issued and outstanding. As of the close of business on January 19, 2016, the Company also had $42,749,000 aggregate principal amount of Company 2016 Debentures and 4,293 Company Options issued and outstanding and there were 3,249,390 Class B Units and $27,428,000 aggregate principal amount of CPC 2017 Debentures issued and outstanding. All outstanding Common Shares and Preferred Shares have been duly authorized and validly issued, are fully paid and non-assessable. All of the Common Shares issuable upon the conversion of the Company 2016 Debentures and the CPC 2017 Debentures, the exchange of the Class B Units and the exercise of the Company Options have been duly authorized and, upon issuance in accordance with their respective terms, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights. No Common Shares, Preferred Shares, Company Options, Company 2016

Debentures, CPC 2017 Debentures or Class B Units have been issued in violation of any Law or any pre-emptive or similar rights applicable to them.

(b) As of the close of business on January 19, 2016: (i) an aggregate of 6,107,000 Common Shares were issuable upon conversion of the Company 2016 Debentures, based on the conversion price of $7.00 principal amount per Common Share, and the Company 2016 Debentures mature on December 31, 2016; (ii) an aggregate of 5,485,600 Common Shares were issuable and an aggregate of $21,098.44 in cash was payable upon conversion of the CPC 2017 Debentures, based on the conversion price of $5.00 principal amount per Common Share and $0.00076923 in cash, and the CPC 2017 Debentures mature on December 31, 2017; (iii) an aggregate of 4,293 Common Shares were issuable upon exercise of the Company Options, based on the exercise price of $4.04, and all issued and outstanding Company Options are vested and expire on May 15, 2017; and (iv) an aggregate of 3,249,390 Common Shares were issuable upon exercise of the Class B Units, which are exchangeable for Common Shares on a one-for-one basis.

(c) As of the date of this Agreement, there are: 834,592 RSUs, 240,342 PSUs and 730,101 DSUs issued and outstanding. Section D(6)(c) of the Company Disclosure Letter contains a complete and accurate list of all RSUs, PSUs and DSUs issued and outstanding as of the date hereof, including, with respect to each such RSU, PSU and DSU, a unique identifier for the holder, the date of grant, the base price per Common Share subject to such RSU, PSU and DSU, the number of Common Shares covered by such RSU, PSU and DSU at the time of grant (as adjusted to reflect all dividends and other adjustments), the vesting schedule and the expiration date. No Common Shares are issuable upon settlement of any RSUs, PSUs or DSUs.

(d) Except as set out in Section D(6)(d) of the Company Disclosure Letter and the rights under the Company Options, Company 2016 Debentures, CPC 2017 Debentures, Class B Units, the Company ESPP and the Company DRIP, there are no issued, outstanding or authorized options, equity-based awards, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind that obligate the Company or any of its Subsidiaries to, directly or indirectly, issue or sell any securities of the Company or any of its Subsidiaries, or give any Person a right to subscribe for or acquire, any securities of the Company or any of its Subsidiaries.

(7) **Subsidiaries and Non-Controlled Entities.**

(a) The following information with respect to each Subsidiary of the Company and the Non-Controlled Entities is accurately set out in Section D(7)(a) of the Company Disclosure Letter: (i) its name; (ii) the percentage owned directly or indirectly by the Company; (iii) to the knowledge of the Company, the name of and percentage owned by any registered holders of shares or other equity interests if other than the Company and its Subsidiaries; and (iv) its jurisdiction of incorporation, organization or formation.

(b) All of the outstanding common shares or other equity interests of CPC are owned directly by the Company, free and clear of any Liens (other than Permitted Liens), all such shares or other equity interests so owned by the Company have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights.

(c) Except as disclosed in in Section D(7)(a) of the Company Disclosure Letter, all of the outstanding common shares or other equity interests of the Company's Subsidiaries and, to the knowledge of the Company, the Non-Controlled Entities are owned, directly or indirectly, by the Company, free and clear of any Liens (other than Permitted Liens), all such shares or other equity interests so owned by the Company have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights.

(d) Except for the shares or other equity interests owned by the Company in any of its Subsidiaries and the Non-Controlled Entities, the Company does not own, beneficially or of record, any equity interests of any kind in any other Person.

(8) **Securities Law Matters.** The Company and CPC are "reporting issuers" under Securities Laws in each of the provinces and territories of Canada. Neither the Company nor CPC has any securities listed for trading on any securities exchange other than the TSX, and neither the Company nor CPC is subject to any continuous or periodic or other disclosure requirements under the securities laws of any jurisdiction other than the provinces and territories of Canada. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company or CPC is pending, in effect or, to the knowledge of the Company, has been threatened, or is expected to be implemented or undertaken (other than in connection with the transactions contemplated by this Agreement). The Company and CPC have, for the past two years, timely filed or furnished with the applicable Securities Authorities and the TSX all documents and other materials required to be filed or furnished by the Company and CPC under Securities Laws with such Securities Authorities and/or the TSX, as applicable, except where such failure to file would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The documents comprising the Company Filings, as of their respective dates (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), complied in all material respects with Law and did not contain any Misrepresentation. Neither the Company nor CPC has filed any confidential material change report (which at the date of this Agreement remains confidential) or any other confidential filings filed to or furnished with, as applicable, any Securities Authority or stock exchange.

(9) **Financial Statements.**

(a) The Company's audited consolidated financial statements as at and for the fiscal years ended December 31, 2014 and 2013 (including any of the notes or schedules thereto, the auditor's report thereon and related management's discussion and analysis) and unaudited consolidated interim financial statements as at and for the three and nine months ended September 30, 2015 and 2014 (including any of the

notes or schedules thereto and related management's discussion and analysis), in each case filed as part of the Company Filings: (i) were prepared in accordance with GAAP and Law; and (ii) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries (including their interests held in the Non-Controlled Entities) as of their respective dates and for the respective periods covered thereby. Except as set forth in the Company's financial statements, neither of the Company nor any of its Subsidiaries is party to any material off-balance sheet transaction with unconsolidated entities or other Persons.

(b) The financial books, records and accounts of the Company and each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities: (i) have been maintained, in all material respects, in accordance with GAAP, Canadian Accounting Standards for Private Enterprises or applicable local accounting standards; (ii) are stated in reasonable detail; (iii) accurately and fairly reflect all the material transactions, acquisitions and dispositions of the Company, its Subsidiaries and the Non-Controlled Entities; and (iv) accurately and fairly reflect the basis of the Company's financial statements.

(10) **Disclosure Controls and Internal Control over Financial Reporting.**

(a) The Company has established and maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under Securities Laws is recorded, processed, summarized and reported within the time periods specified in Securities Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under Securities Laws is accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) The Company has established and maintains a system of internal control over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

(c) There is no material weakness (as such term is defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) relating to the design, implementation or maintenance of the Company's internal control over financial reporting. To the knowledge of the Company, there is no fraud that involves management or other employees who have a significant role in the internal control over financial reporting of the Company.

(11) **Auditors.** The auditors of the Company are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) with the present or any former auditors of the Company.

(12) **No Undisclosed Liabilities.** There are no liabilities or obligations of the Company or of any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than liabilities or obligations: (i) disclosed in the audited consolidated financial statements of the Company as at and for the fiscal years ended December 31, 2014 and 2013 (including any notes or schedules thereto) or the unaudited consolidated interim financial statements as at and for the three and nine months ended September 30, 2015 and 2014 (including any notes or schedules thereto) included in the Company Filings; (ii) incurred in the Ordinary Course since September 30, 2015; (iii) incurred in connection with this Agreement or the transactions contemplated hereby; or (iv) that would not reasonably be expected to have a Material Adverse Effect.

(13) **Absence of Certain Changes or Events.** Since December 31, 2014, other than the transactions contemplated in this Agreement or as publicly disclosed in the Company Filings, the business of the Company and of each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities has been conducted in the Ordinary Course and nothing has occurred that would reasonably be expected to have a Material Adverse Effect.

(14) **Compliance with Law.** The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities are, and since January 1, 2013 have been, in compliance in all material respects with Law. None of the Company, any of its Subsidiaries, any of the Non-Controlled Entities, any of the directors or officers of the Company, the Company's Subsidiaries or the Non-Controlled Entities is, to the knowledge of the Company, under any investigation with respect to, or has been charged or threatened to be charged with, or has received notice of, any material violation or potential material violation of any Law except as would not reasonably be expected to have a Material Adverse Effect.

(15) **Authorizations.**

(a) The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities own, possess or have obtained all Authorizations that are required by Law in connection with the operation of the business of the Company, each of its Subsidiaries and the Non-Controlled Entities as presently conducted, or in connection with the ownership, operation or use of the Company Assets, except as would not reasonably be expected to have a Material Adverse Effect.

(b) To the knowledge of the Company, no event has occurred which, with the giving of notice, lapse of time or both, could constitute a default under, or in respect of, any of Authorization, except, in each case, as would not reasonably be expected to have a Material Adverse Effect.

(c) No Proceeding is, to the knowledge of the Company, pending or threatened in respect of or regarding any such Authorization referred to in (15)(a) and (15)(b) and none of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities has received notice, whether written or oral, of revocation, non-renewal or material amendments of any such

Authorization, or of the intention of any Person to revoke, refuse to renew or materially amend any such Authorization, except, in each case, as would not reasonably be expected to have a Material Adverse Effect.

(16) **Material Contracts.**

(a) Section (16)(a) of the Company Disclosure Letter sets out a complete and accurate list of all Material Contracts. True and complete copies of the Material Contracts have been disclosed in the Data Room and no such Material Contract has been modified in any material respect, rescinded or terminated.

(b) Each Material Contract is legal, valid, binding and in full force and effect and is enforceable against the Company or a Subsidiary of the Company or, to the knowledge of the Company, a Non-Controlled Entity, as applicable, in accordance with its terms (subject to bankruptcy, insolvency and other Laws affecting creditors' rights generally, and to general principles of equity).

(c) None of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities is in material breach or default under any Material Contract, nor does the Company have knowledge of any condition that with the passage of time or the giving of notice or both would result in such a breach or default.

(d) To the knowledge of the Company, there is no, nor has it received any notice (whether written or oral) of, any material breach or default under any Material Contract nor, to the knowledge of the Company, does there exist any condition which with the passage of time or the giving of notice or both would result in such a material breach or default under any such Material Contract by any other party to a Material Contract.

(e) None of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities has received any notice (whether written or oral) that any party to a Material Contract intends to cancel, terminate or otherwise modify or not renew its relationship with the Company, any of its Subsidiaries or any Non-Controlled Entity, and, to the knowledge of the Company, no such action has been threatened.

(17) **Title to and Sufficiency of Assets.** The Company, its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities own or lease all of the material property and assets necessary for the conduct of their business as it is currently being conducted and in compliance with the terms and conditions of the Material Contracts and there is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities of any of such material property or assets other than as disclosed in Section D(17) of the Company Disclosure Letter. All of such material property and assets are, to the knowledge of the Company, sufficient to permit the continued operation of the Company's business in compliance with the terms and conditions of the Material Contracts and in substantially the same manner as currently conducted.

(18) **Real Property.**

(a) The Company, its Subsidiaries and, to the knowledge of the Company, the Non-Controlled Entities, as applicable, have good and marketable title in fee simple to all material freehold real or immovable property owned by them (the "**Company Owned Properties**") free and clear of any Liens, except for Permitted Liens.

(b) Each lease, sublease, license or occupancy agreement (the "**Company Leases**") for material real or immovable property leased, subleased, licensed or occupied by the Company, its Subsidiaries and the Non-Controlled Entities (the "**Company Leased Properties**") is legal, valid, binding and in full force and effect and is enforceable by the Company, its Subsidiaries and, to the knowledge of the Company, the Non-Controlled Entities, as applicable, in accordance with its terms (subject to any limitation under bankruptcy, insolvency and other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction). To the knowledge of the Company, none of the Company, any of its Subsidiaries or any of the Non-Controlled Entities has received or delivered any written notice of any breach of, or default under, any Company Lease. Except as disclosed in Section D(18)(b) of the Company Disclosure Letter, no consent of any other party to a Company Leases is required, nor is any notice required to be given under any Company Lease, in connection with the completion of the transactions contemplated by this Agreement. The completion of the transactions contemplated by this Agreement will not afford any Person the right to terminate any of the Company Leases.

(c) To the knowledge of the Company, no Person, other than the Company, any of its Subsidiaries or any of the Non-Controlled Entities, is using or has any claim or right to use any material part of the Company Owned Properties, or is in or has any claim or right of possession or occupancy of any material part of the Company Owned Properties, except in each case for Permitted Liens.

(d) To the knowledge of the Company, the present use of the Company Owned Properties and the Company Leased Properties complies in all material respects with Law.

(e) To the knowledge of the Company, none of the Company, any of its Subsidiaries or any of the Non-Controlled Entities has received any written notice of any existing or threatened expropriation proceedings that would result in the taking of all or any material part of the Company Owned Properties or the Company Leased Properties or that would materially adversely affect the current use of the Company Owned Properties or the Company Leased Properties.

(19) **Personal Property.** Each of the Company, its Subsidiaries and, to the knowledge of the Company, the Non-Controlled Entities is the owner of all of its material personal property and assets with good and marketable title thereto free of any Liens, except for Permitted Liens.

(20) **Intellectual Property.** The Company, its Subsidiaries and, to the knowledge of the Company, the Non-Controlled Entities have sufficient rights to use or otherwise exploit the Intellectual Property necessary to carry on the business now operated by them and there is no Proceeding pending or, to the knowledge of the Company, threatened by any Person challenging the Company's, its Subsidiaries' or the Non-Controlled Entities' rights in or to such intellectual property which is used for the conduct of the business as currently carried on as set forth in Company Filings.

(21) **Litigation.** Except any Proceeding solely related to satisfying or obtaining the Regulatory Approvals or relating to Taxes, there are no Proceedings pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries or, to the knowledge of the Company, pending or threatened against any of the Non-Controlled Entities or affecting any of their respective properties or assets by or before any Governmental Entity that, if determined adversely to the interests of the Company, its Subsidiaries or the Non-Controlled Entities, would reasonably be expected to have a Material Adverse Effect. None of the Company, any of its Subsidiaries, to the knowledge of the Company, any of the Non-Controlled Entities or any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that would reasonably be expected to have a Material Adverse Effect.

(22) **Environmental Matters.**

(a) The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities have been and are in compliance with all Environmental Laws, except as would not reasonably be expected to have a Material Adverse Effect.

(b) Except as would not reasonably be expected to have a Material Adverse Effect, none of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities has Released any Hazardous Substances (in each case except in compliance with applicable Environmental Laws) on, at, in, under or from any of the immovable properties, any real properties, currently owned or leased by the Company, by any of its Subsidiaries or any of the Non-Controlled Entities.

(c) There are no pending claims, notices, complaints, penalties, prosecutions or any other judicial or administrative Proceedings against the Company, any of its Subsidiaries, any of the Company Assets or, to the knowledge of the Company, any of the Non-Controlled Entities arising out of any Environmental Laws, except as would not reasonably be expected to have a Material Adverse Effect.

(d) To the knowledge of the Company, there has not been: (i) any written order, directive or similar requirement which relates to environmental matters that would reasonably be expected to have a Material Adverse Effect; or (ii) any written demand or notice with respect to a material breach of any Environmental Law in each case applicable to the Company, any of its Subsidiaries, any of the Non-Controlled Entities or the Company Assets.

(e) No Liens, other than Permitted Liens, in favour of a Governmental Entity arising under Environmental Laws, are pending or, to the knowledge of the Company, threatened in writing affecting, in any material respect, the Company, its Subsidiaries or the Company Assets and, to the knowledge of the Company, no Liens, other than Permitted Liens, in favour of a Governmental Entity arising under Environmental Laws, are threatened in writing affecting, in any material respect, any of the Non-Controlled Entities.

(23) **First Nations.**

(a) To the knowledge of the Company, there are no current, pending or threatened First Nations claims that could reasonably be expected to have a Material Adverse Effect on the Company Assets.

(b) None of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities have entered into any written or oral agreement with First Nations to provide benefits, pecuniary or otherwise, with respect to the Company Assets at any stage of development, construction or operation that has not been disclosed in the Data Room and that could reasonably be expected to have a Material Adverse Effect on the Company Assets.

(24) **Employees.**

(a) The Company and its Subsidiaries are in compliance with all terms and conditions of employment applicable to Company Employees and all Law respecting employment in all locations where Company Employees work, including pay equity, employment and labour standards, labour relations, human rights, privacy, workers' compensation and occupational health and safety, except as would not reasonably be expected to have a Material Adverse Effect, and there are no outstanding claims, complaints, investigations or orders under any such Law, except as would not reasonably be expected to have a Material Adverse Effect.

(b) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits under Employee Plans and other similar accruals have either been paid or are accurately reflected in all material respects in the books and/or records of the Company, of the applicable Subsidiary.

(c) Other than as disclosed in Section D(24)(c) of the Company Disclosure Letter, there are no change of control payments, golden parachutes, severance payments, notice or payment in lieu of notice, retention payments or agreements with any of the Company Employees providing for cash or other compensation or benefits upon the consummation of the Arrangement or any other transaction contemplated by this Agreement.

(25) **Collective Agreements.**

(a) Other than as disclosed in Section D(25)(a) of the Company Disclosure Letter, there are no collective bargaining or similar agreements in force with respect to Company Employees or, to the knowledge of the Company, employees of any of

the Non-Controlled Entities, nor is there any agreement with any trade union, employee association or similar entity in respect of the Company, its Subsidiaries, Company Employees or, to the knowledge of the Company, any of the Non-Controlled Entities or employees of the Non-Controlled Entities.

(b) There is no labour strike, dispute, lock-out, work slowdown or stoppage pending or involving or, to the knowledge of the Company, threatened against the Company or any Subsidiary and, to the knowledge of the Company, there is no labour strike, dispute, lock-out, work slowdown or stoppage pending or involving or threatened against any of the Non-Controlled Entities.

(c) To the knowledge of the Company, no trade union has applied to have the Company, nor any of its Subsidiaries or any of the Non-Controlled Entities declared a related, successor, or common employer pursuant to the *Labour Relations Code* (Ontario) or any similar legislation in any jurisdiction in which the Company, any of its Subsidiaries or any of the Non-Controlled Entities carry on business.

(26) **Employee Plans.**

(a) Each material Employee Plan is and has been established, registered, qualified, funded and, in all material respects, administered in accordance with Law and in accordance with their terms, except as would not reasonably be expected to have a Material Adverse Effect. No fact or circumstance exists which could adversely affect the registered or qualified status of any such material Employee Plan, except as would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Company Employee has breached any fiduciary obligation with respect to the administration or investment of any material Employee Plan.

(b) All contributions or premiums required to be made or paid by the Company or any of its Subsidiaries, as the case may be, under the terms of each material Employee Plan or by Law have been made in a timely fashion in accordance with Law and in accordance with the terms of the applicable Employee Plan, except as would not reasonably be expected to have a Material Adverse Effect.

(c) None of the Employee Plans (other than pension or retirement plans) provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependents of retired employees.

(d) To the knowledge of the Company, no material Employee Plan is subject to any Proceeding initiated by any Governmental Entity, or by any other party (other than routine claims for benefits).

(e) No Employee Plan is a multi-employer pension plan as such term is defined under the *Pension Benefits Plan Act* (Ontario) or any similar plan for purposes of pension standards legislation of another jurisdiction.

(27) **Insurance.**

(a) The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities are, and have been continuously since January 1, 2013, insured by reputable third party insurers with reasonable and prudent policies appropriate for the size and nature of the business of the Company, taken as a whole.

(b) To the knowledge of the Company, each material insurance policy of the Company, its Subsidiaries and the Non-Controlled Entities currently in effect that insures the physical properties, business, operations and assets of the Company, its Subsidiaries and the Non-Controlled Entities is in full force and effect and the Company, its Subsidiaries and the Non-Controlled Entities are not in default under the terms of any such policy. To the knowledge of the Company, there is no material claim pending under any insurance policy of the Company, its Subsidiaries or the Non-Controlled Entities that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any material portion of such claims. To the knowledge of the Company, all material Proceedings covered by any insurance policy of the Company, any of its Subsidiaries or any of the Non-Controlled Entities have been properly reported to and accepted by the applicable insurer.

(28) **Taxes.**

(a) The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities have duly and timely filed all Tax Returns required by Law to be filed by them prior to the date hereof and all such Tax Returns are complete and correct in all material respects.

(b) The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities have paid as required by Law on a timely basis all material Taxes which are due and payable, all material assessments and material reassessments, and all other material Taxes due and payable by them (including all instalments on account of Taxes for the current year) on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published consolidated financial statements of the Company or, as applicable, the Non-Controlled Entity (where required in accordance with applicable accounting standards). The Company and its Subsidiaries have provided adequate accruals in accordance with applicable accounting standards in its books and records and in the most recently published consolidated financial statements of the Company for any Taxes of the Company and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.

(c) Other than as disclosed in Section D(28)(c) of the Company Disclosure Letter, no material investigations, claims, audits, deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities, and none of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities is a party to any material Proceeding for assessment or collection of Taxes and no such event has, to the knowledge of the Company, been asserted or threatened against the Company, any of its Subsidiaries or the Non-Controlled Entities or any of their respective assets.

(d) None of the Company or any of its subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities has requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which (i) to file any Tax Return, (ii) to file any elections, designations or similar filings relating to Taxes, (iii) to pay or remit any Taxes or amounts on account of Taxes, or (iv) any Governmental Entity may assess or collect Taxes.

(e) No claim has been made by any Governmental Entity in a jurisdiction where the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities do not file Tax Returns that the Company, any of its Subsidiaries or any of the Non-Controlled Entities is or may be subject to material Tax by that jurisdiction.

(f) There are no material Liens (other than Permitted Liens) with respect to Taxes upon any of the assets of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities.

(g) The Company, each of its Subsidiaries and, to the knowledge of the Company, each of the Non-Controlled Entities has withheld or collected all material amounts required by Law to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so.

(h) For all transactions between the Company or any of its Canadian-resident Subsidiaries and any non-resident Person with whom the Company or any of its Canadian-resident Subsidiaries was not dealing at arm's length during a taxation year commencing after 1998 and ending on or before the Effective Time, each of the Company and its Canadian-resident Subsidiaries has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the *Income Tax Act* (Canada) in all material respects.

(i) The Company has made available to the Purchaser true, correct and complete copies of all filed income Tax Returns of the Company and its Subsidiaries material to the Company as a whole in respect of their 2013 and 2014 taxation years.

(j) To the knowledge of the Company, the amounts of previously undeducted non-capital losses and capital losses of the Company (in each case, for purposes of the Tax Act and in the aggregate) arising in prior taxation years are no less than the amounts disclosed in Section D(28)(j) of the Company Disclosure Letter.

(29) **Bankruptcy and Insolvency.** None of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities has made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof nor has any petition for a receiving order been presented in respect of it. None of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities has initiated Proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution and, to the knowledge of the Company, no such Proceedings have been threatened by any other Person. No receiver has been appointed in respect of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities or any of their respective property or assets and no execution or distress has been levied upon any of their respective property or assets and, to the knowledge of the Company, no such Proceedings have been threatened by any other Person.

(30) **Opinions of Financial Advisors.** The Board has received the Fairness Opinions, and such Fairness Opinions have not been withdrawn or modified as of the date of this Agreement.

(31) **Brokers.** Except for the Financial Advisors, no investment banker, broker, finder, financial adviser or other intermediary has been retained by or is authorized to act on behalf of the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities or is entitled to any fee, commission or other payment from the Company, any of its Subsidiaries or, to the knowledge of the Company, any of the Non-Controlled Entities in connection with this Agreement or any other transaction contemplated by this Agreement. In Section D(31) of the Company Disclosure Letter the Company has disclosed to the Purchaser all fees, commissions or other payments that may be payable to the Financial Advisors in connection with this Agreement or any other transaction contemplated by this Agreement.

(32) **No Guarantees**. Except as (i) disclosed in the Company Disclosure Letter; (ii) entered into by the Company and/or its affiliates in the Ordinary Course in connection with (A) credit, loan or other financing Contracts disclosed in the Data Room or (B) borrowing solely by the Company or its Subsidiaries (in each case except for guarantees that are recourse to CPC (excluding, for greater certainty, guarantees to support project finance indebtedness in respect of a project that is limited in recourse to the securities held by CPC in respect of the person holding such project) or the Company or relate to more than one project); or (iii) any such Contracts entered into after the date hereof in compliance with this Agreement;, none of the Company or any of its Subsidiaries has given or agreed to give, nor is a party to or bound by, any guarantee, surety or indemnity in respect of indebtedness of any Person, or any other commitment by which the Company or its Subsidiaries is, or is contingently, responsible for such indebtedness.

(33) **Restrictions on Business Activities.** There is no agreement, commitment, understanding, judgement, injunction, order or decree binding upon the Company or any of its

Subsidiaries that has or would reasonably be expected to in any way materially limit the business or operations of the Company or any of its Subsidiaries in a particular manner or to a particular locality or geographic region or for a limited period of time and the execution, delivery and performance of this Agreement does not and will not result in the material restriction of the Company or any of its Subsidiaries from engaging in this business or from competing with any person or in any geographic area.

(34) **Books and Records.** Other than as set out in Section D(34) of the Company Disclosure Letter, the minute books of the meetings of the Board and the meetings of the boards of directors of each of the Subsidiaries are complete and accurate in all material respects, excluding those portions of minutes of meetings reflecting discussions of the Arrangement or other alternative transactions whether past or present.

(35) **Related Party Transactions.** Except as publicly disclosed by the Company and employment or compensation agreements entered into in the Ordinary Course, no director or officer of the Company or any of its Subsidiaries or holder of record or beneficial owner of 5% or more of the Common Shares, or associate or affiliate of any such officer, director or beneficial owner, is a party to any loan, contract, arrangement or understanding or other transactions with the Company or any of its Subsidiaries.

(36) **Corrupt Practices Legislation**. To the knowledge of the Company, neither the Company, its Subsidiaries or any of the Non-Controlled Entities, nor any of their respective officers, directors or employees acting on behalf of the Company or any of its Subsidiaries or affiliates has taken, committed to take or been alleged to have taken any action which would cause the Company or any of its Subsidiaries or affiliates to be in violation of any applicable provision of the United States' Foreign Corrupt Practices Act (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act* (Canada) (and the regulations promulgated thereunder), the *UK Bribery Act 2010* (and the regulations promulgated thereunder) or any applicable Law of similar effect and to the knowledge of the Company no such action has been taken by any of its agents, representatives or other Persons while acting on behalf of the Company or any of its Subsidiaries or affiliates.

SCHEDULE E
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

(1) **Organization and Qualification.** The Purchaser is a corporation duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted.

(2) **Ownership of the Purchaser.** The Parent, directly or indirectly, owns 100% of the issued and outstanding shares of the Purchaser.

(3) **Corporate Authorization.** The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the consummation of the Arrangement and the other transactions contemplated hereby.

(4) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(5) **Governmental Authorization.** To the knowledge of the Purchaser as of the date hereof, the execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation by the Purchaser of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by the Purchaser other than: (i) the Required Regulatory Approvals; and (ii) any Authorizations or other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not obtained, taken or made, would not, individually or in the aggregate, materially impede the ability of the Purchaser to consummate the Arrangement and the transactions contemplated hereby.

(6) **Non-Contravention.** The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the Arrangement and the transactions contemplated hereby do not and will not:

(a) contravene, conflict with, or result in any violation or breach of the organizational documents of the Purchaser; or

(b) assuming compliance with the matters referred to in Paragraph (5) above, contravene, conflict with or result in a violation or breach of any Law applicable to the Purchaser or any of its properties or assets except as would not, individually

or in the aggregate, materially impede the ability of the Purchaser to consummate the Arrangement and the transactions contemplated hereby.

(7) **Litigation.** There are no Proceedings pending, or, to the knowledge of the Purchaser threatened, against the Purchaser, nor is the Purchaser subject to any outstanding judgment, order, writ, injunction or decree that, either individually or in the aggregate, is reasonably likely to prevent or materially delay consummation of the Arrangement or the transactions contemplated hereby.

(8) **Funds Available.** Prior to the execution and delivery of this Agreement, the Purchaser has delivered to the Company a true and complete, fully-executed copy of the Debt Commitment Letter evidencing the availability of committed credit facilities in favour of the Purchaser, pursuant to which the Lenders have committed, subject to the terms and conditions set forth therein, to provide the Purchaser, by way of borrowing by CPC, with the Debt Financing for the sole purpose of funding amounts as described in such Debt Commitment Letter in connection with or pursuant to the Arrangement. The commitments described in the Debt Commitment Letter are not subject to any condition precedent other than the conditions expressly set forth therein. There are no other agreements, side letters or arrangements that would permit the Lenders to reduce the amount of the Debt Financing or that would otherwise affect the availability of the Debt Financing. The Debt Commitment Letter is in full force and effect, has not been amended, restated, modified, withdrawn, terminated or otherwise modified or varied and represents a legal, valid and binding obligation of each of the Purchaser and the Lenders, as applicable, no amendment or modification to the Debt Commitment Letter is contemplated, and no event has occurred or circumstance exists, including the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, which, with or without notice, lapse of time or both, would or would reasonably be expected to (x) constitute a default or breach on the part of the Purchaser under the Debt Commitment Letter or (y) constitute or result in a failure to satisfy any condition precedent set forth in the Debt Commitment Letter assuming satisfaction or waiver of the conditions set forth in Section 6.1 and Section 6.2. All commitment and other fees or expenses required to be paid under or in connection with the Debt Commitment Letter on or prior to the date hereof have been paid. The Purchaser does not have any reason to believe that it shall be unable to satisfy on a timely basis any term or condition of closing of the Debt Financing to be satisfied by it contained in the Debt Commitment Letter; is not aware of any fact, occurrence or condition that may cause the financing commitment contained in the Debt Commitment Letter to terminate or be ineffective or any of the terms or conditions of closing of the Debt Financing not to be met or of any impediment to the funding of the cash payment obligations of the Purchaser pursuant to or in connection with this Agreement or the Arrangement; and is not aware of any fact, occurrence or condition that has or may cause the assumptions or statements set forth in the Debt Commitment Letter to be untrue or incorrect. Assuming the Debt Financing contemplated in the Debt Commitment Letter is funded and the Equity Commitment Letter is funded, at the Effective Date, the Purchaser will have sufficient funds available to satisfy the aggregate Consideration for the Common Shares and Class B Units and any other amounts payable to Company Securityholders by the Purchaser or the Company or the Company's Subsidiaries in connection with the Arrangement in accordance with the terms of this Agreement and the Plan of

Arrangement, and to satisfy all other obligations payable by the Purchaser pursuant to this Agreement and the Plan of Arrangement and to pay all related fees and expenses for which the Purchaser is responsible under the terms of the Agreement.

(9) **Equity Commitment Letter.** The Purchaser has delivered to the Company a true and complete copy of the Equity Commitment Letter. As of the date hereof the Equity Commitment Letter is not subject to any condition precedent other than the conditions expressly set forth therein. As of the date hereof, the Equity Commitment Letter is a valid and legally binding obligation of, and enforceable in accordance with its terms against, the Purchaser and, as the case may be, the Parent, subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court, no amendment of or modification to the Equity Commitment Letter is contemplated, and no event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of the Purchaser under the Equity Commitment Letter. There are no other agreements, side letters or arrangements that would permit the amount of financing committed under the Equity Commitment Letter to be reduced or that would otherwise affect the availability of the Equity Financing. As of the date hereof, the Purchaser has no knowledge that it will be unable to satisfy on a timely basis any term or condition of closing of the financing to be satisfied by it contained in the Equity Commitment Letter and has no knowledge of any fact, occurrence or conditions that would cause the Equity Financing commitments to terminate or be ineffective or any of the terms or conditions of closing of such Equity Financing not to be met or of any impediment to the funding of the payment obligations of the Purchaser under the Agreement.

(10) **Equity Guarantee.** Concurrently with the execution of this Agreement, the Purchaser has caused the Parent to execute and deliver to the Company a guarantee of the obligations of the Purchaser under Section 4.7(3) *[Debt Financing Assistance Costs]*, Section 4.10 *[Pre-Acquisition Indemnity and Costs]* and Section 8.3 *[Purchaser Termination Fee]*, which guarantee is in full force and effect and is a valid, binding and enforceable obligations of the Parent subject to applicable bankruptcy, insolvency, reorganization and other laws of general application limiting the enforcement of creditors' rights generally and to the fact that specific performance is an equitable remedy available only in the discretion of the court, and no event has occurred which, with or without notice, lapse of time or both, would constitute a default on the part of the Parent under such guarantee.

(11) **Security Ownership.** None of the Purchaser or any of its affiliates or any Person acting jointly or in concert with any of them owns any securities of the Company.

(12) **ICA Status.** The Purchaser is (i) a "WTO investor" as defined pursuant to Subsection 14.1(6) of the ICA, and (ii) is not a "state-owned enterprise" as defined pursuant to Section 3 of the ICA.

APPENDIX E

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT
UNDER DIVISION 5 OF PART 9 OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

Unless indicated otherwise, any capitalized term used herein but not defined shall have the meaning ascribed thereto in the Arrangement Agreement and the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

"**affiliate**" has the meaning ascribed thereto in National Instrument 45-106 – Prospectus Exemptions.

"**Aggregate Conversion Number**" has the meaning set out in Section 2.3(i)(ii).

"**Amalco**" means Capstone Infrastructure Corporation, the amalgamated corporation under the BCBCA resulting from the amalgamation of the Company and MUC Amalco pursuant to Section 2.3(d).

"**Arrangement**" means an arrangement under Division 5 of Part 9 of the BCBCA, on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations hereto made in accordance with the terms of the Arrangement Agreement or Section 5.1 or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement made as of January 20, 2016 between the Purchaser and the Company (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting by the Company Securityholders entitled to vote thereon pursuant to the Interim Order.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Bristol Water Entities**" means Bristol Water Holdings UK Limited, its Subsidiaries and Bristol Wessex Billing Services Limited.

"**Business Day**" means any day of the year, other than a Saturday, a Sunday or a day on which major banks are closed for business in Toronto, Ontario or London, England.

"**Change of Control Conversion Price**" means shall be calculated in accordance with the following formula:

COCCP = OCP/(1+(CP x (c/t))) where:

"COCCP" is the Change of Control Conversion Price;

"OCP" is $5.00;

"CP" is 32.65%

"c" is the number of days from the Effective Date to but excluding December 31, 2017; and

"t" is the number of days from and including August 28, 2012 to but excluding December 31, 2017.

"**Class B Units**" means the Class B exchangeable limited partnership units of MPT LTC Holding LP, which are exchangeable for Common Shares.

"**Common Shareholders**" means the registered and/or beneficial holders of the Common Shares, as the context requires.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" means Capstone Infrastructure Corporation, a corporation existing under the laws of British Columbia, Canada, and, following the completion of the step set out in Section 2.3(d), Amalco.

"**Company 2016 Debentureholder Approval**" means the approval of the Arrangement Resolution by holders of Company 2016 Debentures in accordance with the Interim Order.

"**Company 2016 Debenture Consideration**" means an amount equal to (i) 101% of the aggregate principal amount of the Company 2016 Debentures outstanding, together with (ii) any accrued and unpaid interest thereon up to and including the Effective Date, at the rate of interest specified in the Company 2016 Debenture Indenture.

"**Company 2016 Debenture Indenture**" means the trust indenture dated December 22, 2009 between Macquarie Power & Infrastructure Income Fund and Computershare Trust Company of Canada, as trustee, as amended by the supplemental indenture dated January 1, 2011 among Macquarie Power & Infrastructure Income Fund, Macquarie Power and Infrastructure Corporation and Computershare Trust Company of Canada, as trustee.

"**Company 2016 Debentures**" means the 6.50% convertible unsecured subordinated debentures of the Company due December 31, 2016.

"**Company LTIP**" means the Company's long-term incentive plan.

"**Company Meeting**" means the special meeting of Common Shareholders, holders of Class B Units, holders of CPC 2017 Debentures and holders of Company 2016 Debentures including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**Company Options**" means the outstanding options to purchase Common Shares issued by the Company in exchange for options to purchase common shares of Renewable Energy Developers Inc. pursuant to the plan of arrangement effective October 1, 2013 whereby the Company acquired Renewable Energy Developers Inc.

"**Company Securityholders**" means, collectively, the Common Shareholders, the holders of Preferred Shares, the holders of Class B Units, the holders of Company Options, the holders of Company 2016 Debentures, the holders of CPC 2017 Debentures, the holders of PSUs, the holders of RSUs and the holders of DSUs.

"**Company STIP**" means the Company's short term incentive plan.

"**Consideration**" means $4.90 in cash per Common Share or Class B Unit, without interest, subject to adjustment pursuant to Section 2.11 of the Arrangement Agreement.

"**Court**" means the Supreme Court of British Columbia, or other court as applicable.

"**CPC**" means Capstone Power Corp., a wholly-owned Subsidiary of the Company.

"**CPC 2017 Debentureholder Approval**" means the approval of the Arrangement Resolution by holders of CPC 2017 Debentures in accordance with the Interim Order.

"**CPC 2017 Debenture Indenture**" means the debenture indenture dated as of August 28, 2012 between Sprott Power Corp. and Equity Financial Trust Company, as trustee, as amended by the supplemental debenture indenture dated October 1, 2013 among the Company, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, the second supplemental indenture dated November 12, 2013 among the Company, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, and the third supplemental indenture dated February 15, 2014 among the Company, CPC and Equity Financial Trust Company, as trustee.

"**CPC 2017 Debentures**" means the 6.75% extendible convertible unsecured subordinated debentures of CPC due December 31, 2017.

"**CPC 2017 Debenture Conversion Ratio**" means that number of Common Shares into which each $1,000 principal amount of CPC 2017 Debentures is convertible at the Change of Control Conversion Price.

"**CPC Cash Payment**" has the meaning ascribed thereto in Section 2.3(i)(i).

"**CPC Exchange Consideration**" has the meaning ascribed thereto in Section 2.3(n)(i).

"**CPD LTIP**" means the long-term incentive plan of Capstone Power Development (BC) Corp., a wholly-owned Subsidiary of the Company.

"**Depositary**" means such Person as the Company may appoint to act as depositary for the Common Shares and Class B Units in relation to the Arrangement, with the approval of the Purchaser, acting reasonably.

"**Director DSU Plan**" means the deferred share unit plan for non-employee directors of the Company.

"**Director DSUs**" means the deferred share units issued under the Director DSU Plan.

"**Dissent Rights**" has the meaning ascribed thereto in Section 3.1.

"**Dissenting Holder**" means a registered Common Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Common Shares in respect of which Dissent Rights are validly exercised by such registered Common Shareholder.

"**DSUs**" means the Director DSUs, DSUs (PSU), DSUs (RSU) and DSUs (Bonus).

"**DSUs (Bonus)**" means deferred share units of the Company issued under the Company LTIP in lieu of cash awards under the Company STIP or the CPD LTIP.

"**DSUs (PSU)**" means performance-based vesting deferred share units of the Company issued under the Company LTIP in lieu of PSUs.

"**DSUs (RSU)**" means time-based vesting deferred share units of the Company issued under the Company LTIP in lieu of RSUs.

"**Effective Date**" means the date upon which the Arrangement becomes effective, as set out in Section 2.9 of the Arrangement Agreement.

"**Effective Time**" means 12:01 a.m., Vancouver time, on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company and the Purchaser, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public body, authority or department, central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, ministry, governor-in-council, agency or instrumentality, domestic or foreign; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental, administrative or private body, including any tribunal, commission, committee, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (iv) any stock exchange.

"**Incentive Securities**" means the Company Options, RSUs, PSUs and DSUs.

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended, modified, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common, civil or otherwise), constitution, treaty, convention, ordinance, by-law, code, rule, regulation, order, injunction, judgment, award, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

"**Letter of Transmittal**" means the letter of transmittal sent to holders of Common Shares, Class B Units, Company 2016 Debentures and CPC 2017 Debentures for use in connection with the Arrangement.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, lien (statutory or otherwise), or restriction or adverse right or claim, or other encumbrance of any kind.

"**MUC**" means MPT Utilities Corp., a corporation existing under the laws of British Columbia, Canada.

"**MUC Amalco**" meant MPT Utilities Corp., the amalgamated corporation under the BCBCA resulting from the amalgamation of MUEL and MUC pursuant to Section 2.3(b).

"**MUEL**" means MPT Utilities Europe Ltd., a corporation existing under the laws of British Columbia, Canada.

"**New Common Shares**" has the meaning set out in Section 2.3(m).

"**Option Consideration**" means $0.86, being the amount by which the Consideration exceeds the $4.04 exercise price of a Company Option.

"**Parties**" means, collectively, the Company and the Purchaser and "Party" means any one of them.

"**Person**" includes any individual, partnership, limited partnership, association, body corporate, organization, joint venture, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement, subject to any amendments or variations made in accordance with the Arrangement Agreement or Section 5.1 or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably.

"**Preferred Shares**" means the cumulative five-year rate reset preferred shares, series A in the capital of the Company.

"**PSUs**" means performance share units of the Company issued under the Company LTIP.

"**Purchaser**" means Irving Infrastructure Corp., a corporation existing under the laws of the Province of British Columbia.

"**RSUs**" means restricted share units of the Company issued under the Company LTIP.

"**Subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 – Prospectus Exemptions, except that, with respect to the Company, the Bristol Water Entities will not be considered Subsidiaries.

"**Taxes**" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

Section 1.2 Certain Rules of Interpretation

In this Plan of Arrangement, unless otherwise specified:

(1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) **Currency.** All references to "dollars" or to "$" are references to Canadian dollars, unless specified otherwise.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation", (ii) "or" is not exclusive, (iii) "day" means "calendar day", (iv) "hereof", "herein", "hereunder" and words of similar import, shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement, (v) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of", (vi) "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends and such phrase shall not mean simply "if", and (vii) unless stated otherwise, "Article" or "Section" followed by a number or letter mean and refer to the specified Article or Section of this Plan of Arrangement.

(5) **Statutes and Rules.** Any reference to a statute or to a rule of a self-regulatory organization, including any stock exchange, refers to such statute or rule and all rules, resolutions and regulations, administrative policy statements, instruments, blanket orders, notices, directions and rulings issued or adopted under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the Arrangement Agreement.

Section 2.2 Binding Effect

At the Effective Time, this Plan of Arrangement and the Arrangement will become effective, and be binding on the Purchaser, the Company, CPC, MUEL, MUC, all Common Shareholders (including Dissenting Holders), all holders of Class B Units, all holders of Incentive Securities, all holders of Company 2016 Debentures, all holders of CPC 2017 Debentures, the registrar and transfer agent of the Company, the trustee for the Company 2016 Debentures, the trustee for the CPC 2017 Debentures, the Depositary and all other Persons at and after the Effective Time, without any further act or formality required on the part of any Person.

Section 2.3 Arrangement

Commencing at the Effective Time, each of the following events shall occur sequentially as set out below without any further authorization, act or formality, in each case, unless stated otherwise, effective as at one minute intervals starting at the Effective Time:

(a) the aggregate amount of the capital for the common shares in the capital of MUEL held by MUC will be reduced to $1.00, without any distributions made in respect of such common shares.

(b) MUEL and MUC will be amalgamated as MUC Amalco and will continue as one corporation under the BCBCA and the provisions of Section 2.5 will apply to MUC Amalco.

(c) the aggregate amount of the capital for the common shares in the capital of MUC Amalco held by the Company will be reduced to $1.00, without any distributions made in respect of such common shares.

(d) MUC Amalco and the Company will be amalgamated as Amalco and will continue as one corporation under the BCBCA and the provisions of Section 2.6 will apply to Amalco.

(e) Simultaneously:

(i) each Company Option, issued and outstanding immediately prior to the Effective Time, whether vested or unvested, will be transferred by the holder thereof to the Company, free and clear of all Liens, and each such Company Option will be cancelled in exchange for the payment by the Company of the Option Consideration, less any applicable Taxes required to be withheld with respect to such payment, to the holder thereof (without interest) as soon as reasonably practicable after such time;

(ii) (A) any vesting conditions applicable to each RSU, PSU or DSU shall, automatically and without any required action on the part of the holder thereof, accelerate in full (with PSUs and DSUs (PSU) vesting using a performance multiplier of 1.0), and (B) each such RSU, PSU and DSU shall, automatically and without any required action on the part of the holder thereof, be cancelled and shall only entitle the holder of each such RSU, PSU or DSU to receive (without interest), as soon as reasonably practicable after such time, an amount in cash from the Company equal to the Consideration, less any applicable Taxes required to be withheld with respect to such payment; and

(iii) with respect to each Incentive Security, the holder thereof will cease to be the holder of such Incentive Security, will cease to have any rights as a holder in respect of such Incentive Security or under the Director DSU Plan, Company STIP or Company LTIP, as applicable, such holder's name will be removed from the applicable register, and all agreements, grants and similar instruments relating thereto will be cancelled;

(f) each outstanding Class B Unit will be transferred to, and acquired by the Purchaser, free and clear of all Liens, in exchange for the right to receive the Consideration from the Purchaser and, in respect of each Class B Unit:

(i) each holder of Class B Units will cease to be the holder of such Class B Units so transferred concurrently with the transfer referred to in this Section 2.3(f) and such holder's name will be removed from the securities register of MPT LTC Holding LP in respect of such Class B Unit at such time; and

(ii) the Purchaser will be deemed to be the holder of such Class B Units (free and clear of any Lien) at the time of the transfer pursuant to this Section

2.3(f) and will be entered in the securities register of MPT LTC Holding LP as the holder thereof;

(g) each Class B Unit acquired by the Purchaser under Section 2.3(f) will be exchanged with the Company for one newly issued Common Share, and:

(i) the issue price of each such newly issued share, and the amount added to the capital of the Company for the Common Shares in respect of each such newly issued share, shall be equal to the Consideration;

(ii) the Purchaser will be the holder of such Common Shares (free and clear of any Lien) and will be entered in the securities register of the Company as the holder thereof;

(iii) the Company will be the holder of such Class B Units (free and clear of any Lien) and will be entered in the securities register of MPT LTC Holding LP as the holder thereof and the Purchaser's name will be removed from the securities register of the MPT LTC Holding LP as the holder thereof; and

(iv) the Class B Units will be converted into Class A limited partnership units of MPT LTC Holding LP, and the Company's name will be removed from the securities register of MPT LTC Holding LP in respect of such Class B Units at such time and added to the securities register of MPT LTC Holdings LP in respect of such Class A limited partnership units at such time;

(h) each Common Share held by a Dissenting Holder will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to the Purchaser and thereupon such holder's name will be removed from the securities register of the Company in respect of such share, the Purchaser shall be entered in the securities register of the Company as the holder thereof and at such time each Dissenting Holder will have the rights set out in Section 3.1;

(i) subject to Section 2.4:

(i) CPC directs the Company to, and the Company will (A) issue to holders of the CPC 2017 Debentures that number of Common Shares equal to the CPC 2017 Debenture Conversion Ratio for every $1,000 of principal amount of the CPC 2017 Debentures; (B) pay to holders of the CPC 2017 Debentures $0.76923 for every $1,000 of principal amount of the CPC 2017 Debentures and (C) pay to holders of CPC 2017 Debenture any accrued but unpaid interest thereon (together with (B), the "**CPC Cash Payment**"), all in satisfaction of all obligations of CPC under the CPC 2017 Debentures, and upon such issuance of such Common Shares and payment of the CPC Cash Payment, the CPC 2017 Debentures will be cancelled;

(ii) as consideration for the Company issuing the number of Common Shares as described in Section 2.3(i)(i) (the "**Aggregate Conversion Number**") and paying the CPC Cash Payment, CPC will issue to the Company, for an aggregate issue price equal to the total of the CPC Cash Payment plus the product obtained when the Aggregate Conversion Number is multiplied by the Consideration, that number of common shares of CPC that have a fair market value equal to such aggregate issue price, and the Company will be entered in the securities register of CPC as the holder thereof, and CPC shall add to the capital account of CPC for its common shares an amount equal to the aggregate issue price;

(j) each outstanding Common Share not already held by the Purchaser will be transferred to, and acquired by the Purchaser from Common Shareholders, free and clear of all Liens, in exchange for the right to receive the Consideration and, in respect of each such Common Share:

(i) each holder of such Common Shares will cease to be the holder of such Common Shares so transferred concurrently with the transfer referred to in this Section 2.3(j) and such holder's name will be removed from the securities register of the Company in respect of such share at such time; and

(ii) the Purchaser will be deemed to be the holder of such Common Shares (free and clear of any Lien) at the time of the transfer pursuant to this Section 2.3(j) and will be entered in the securities register of the Company as the holder thereof;

(k) the board of directors of CPC will resign and be replaced with the persons designated by the Purchaser, in its sole discretion, prior to the Effective Date, consisting of between three and seven directors;

(l) subject to Section 2.4, the Company will redeem all of the Company 2016 Debentures and the holders of such debentures will have the right to receive the Company 2016 Debenture Consideration and upon such redemption each of the Company 2016 Debentures will be cancelled;

(m) the notice of articles of the Company will be amended to create a new class of Class A shares (the "**New Common Shares**") without par value, and the articles of the Company will be amended by adding the special rights or restrictions attached to the New Common Shares set out in Exhibit A;

(n) all Common Shares held by the Purchaser will be purchased by the Company for cancellation in exchange for:

(i) the issuance by the Company to the Purchaser of a demand interest-free promissory note with an aggregate principal amount equal to the product obtained when the Aggregate Conversion Number is multiplied by the Consideration (the "**CPC Exchange Consideration**");

(ii) the issuance by the Company to the Purchaser of a demand interest-free note with an aggregate principal amount equal to 66% of the amount by which the aggregate Consideration payable by the Purchaser under Sections 2.3(f) and (j) exceeds the principal amount of the promissory note issued in Section 2.3(n)(i); and

(iii) the issuance by the Company to the Purchaser of a number of New Common Shares equal to the number of Common Shares previously held, for an aggregate issue price equal to the amount by which the total Consideration payable by the Purchaser hereunder exceeds the aggregate principal amount of the promissory notes issued in Sections 2.3(n)(i) and (ii), which aggregate issue price shall be added to the capital of the Company for the New Common Shares, and the Purchaser shall be deemed the holder of such New Common Shares so issued and such holder's name will be removed from the securities register of the Company in respect of such Common Shares at such time and be added to the securities register of the Company in respect of such New Common Shares at such time;

provided that none of the foregoing will occur or will be deemed to occur unless all of the foregoing occur and, if they occur, all of the foregoing will be deemed to occur without further act or formality.

Section 2.4 Effect Not Receiving the Company 2016 Debentureholder Approval and/or the CPC 2017 Debentureholder Approval

(a) Notwithstanding anything else herein, in circumstances where the Company 2016 Debentureholder Approval is not obtained at the Company Meeting in accordance with the terms of the Interim Order, the Arrangement shall proceed but Section 2.3(l) and all other references in this Plan of Arrangement to the Company 2016 Debentures and all ancillary references thereto shall be, and be deemed to be, deleted from this Plan of Arrangement.

(b) Notwithstanding anything else herein, in circumstances where the CPC 2017 Debentureholder Approval is not obtained at the Company Meeting in accordance with the terms of the Interim Order, the Arrangement shall proceed but Section 2.3(i) and all other references in this Plan of Arrangement to the CPC 2017 Debentures and all ancillary references thereto shall be, and be deemed to be, deleted from this Plan of Arrangement.

Section 2.5 MUEL Amalgamation Matters

(a) Upon the amalgamation of MUEL and MUC to form MUC Amalco pursuant to Section 2.3(b), the following provisions will apply to MUC Amalco:

(i) the notice of articles and articles of MUC will be deemed to be the notice of articles of amalgamation and articles of MUC Amalco;

(ii) the name of MUC Amalco will be "MPT Utilities Corp.";

(iii) the registered office of MUC Amalco will be located at the same registered office as MUC;

(iv) the authorized capital of MUC Amalco will be an unlimited number of common shares with the same rights, privileges, restrictions and conditions as the common shares in the capital of MUC;

(v) each issued and outstanding common share in the capital of MUC will continue upon the amalgamation as a share of MUC Amalco;

(vi) all shares of MUEL will be cancelled without any repayment of capital in respect thereof;

(vii) the capital of the common shares in the capital of MUC Amalco will be the amount in the capital account in respect of the common shares in the capital of MUC;

(viii) there will be no restrictions on the business that MUC Amalco is authorized to carry on or the powers that MUC Amalco may exercise;

(ix) the board of directors of MUC Amalco will, until otherwise changed in accordance with the BCBCA, consist of a the same number of directors as provided in the notice of articles of MUC. MUC Amalco will have appointed the same directors as were directors of MUC, and such directors will hold office until the next annual meeting of shareholders of MUC Amalco or until their successors are elected or appointed;

(x) all authorizations previously given by the shareholders and board of directors of MUC and MUEL and their predecessors will be deemed to be authorizations given by the shareholders and board of directors of MUC Amalco;

(xi) the first officers of MUC Amalco will be the same as the officers of MUC;

(xii) the fiscal year end of MUC Amalco will be the fiscal year end of MUC.

(b) The effect of the amalgamation of MUC and MUEL referred to in Section 2.3(b) will, at the time of the amalgamation, be as follows:

(i) the property of each of MUC and MUEL will continue to be the property of MUC Amalco;

(ii) MUC Amalco will continue to be liable for the obligations of each of MUC and MUEL (except in respect of any liabilities owed by MUC to MUEL or by MUEL to MUC which will be eliminated as a result of the amalgamation);

(iii) any existing cause of action, claim or liabilities to prosecution of MUC or MUEL will be unaffected;

(iv) any civil, criminal or administrative action or proceeding pending by or against either of MUC or MUEL may continue to be prosecuted by or against MUC Amalco; and

(v) a conviction against, or ruling, order or judgment in favour of or against, either of MUC or MUEL may be enforced by or against MUC Amalco.

Section 2.6 MUC Amalgamation Matters

(a) Upon the amalgamation of MUC Amalco and the Company to form Amalco pursuant to Section 2.3(d), the following provisions will apply to Amalco:

(i) the notice of articles and articles of the Company will be deemed to be the notice of articles of amalgamation and articles of Amalco;

(ii) the name of Amalco will be "Capstone Infrastructure Corporation";

(iii) the registered office of Amalco will be located at the same registered office as the Company;

(iv) the authorized capital of Amalco will be an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, each with the same rights, privileges, restrictions and conditions as the shares of the Company;

(v) each issued and outstanding share of a class of the Company will continue upon the amalgamation as a share of the same class of Amalco;

(vi) all shares of MUC Amalco will be cancelled without any repayment of capital in respect thereof;

(vii) the capital of the common shares of Amalco will be equal to the paid-up capital of the Common Shares, and the capital of the preferred shares of Amalco will be equal to the paid-up capital of the Preferred Shares, in each case as determined for the purposes of the Income Tax Act (Canada) immediately prior to the amalgamation;

(viii) there will be no restrictions on the business that Amalco is authorized to carry on or the powers that Amalco may exercise;

(ix) the board of directors of Amalco will, until otherwise changed in accordance with the BCBCA, consist of the same number of directors as provided in the notice of articles of the Company. Amalco will have appointed the same directors as were directors of the Company, and such

directors will hold office until the next annual meeting of shareholders of Amalco or until their successors are elected or appointed;

(x) all authorizations previously given by the shareholders and board of directors of the Company and MUC Amalco and their predecessors will be deemed to be authorizations given by the shareholders and board of directors of Amalco;

(xi) the first officers of Amalco will be the same as the officers of the Company:

(xii) the auditors of Amalco will be the same as the Company;

(xiii) the fiscal year end of Amalco will be the fiscal year end of the Company.

(b) The effect of the amalgamation of the Company and MUC Amalco referred to in Section 2.3(b) will, at the time of the amalgamation, be as follows:

(i) the property of each of the Company and MUC Amalco will continue to be the property of Amalco;

(ii) Amalco will continue to be liable for the obligations of each of the Company and MUC Amalco (except in respect of any liabilities owed by the Company to MUC Amalco or by MUC Amalco to the Company which will be eliminated as a result of the amalgamation);

(iii) any existing cause of action, claim or liabilities to prosecution of the Company or MUC Amalco will be unaffected;

(iv) any civil, criminal or administrative action or proceeding pending by or against either of the Company or MUC Amalco may continue to be prosecuted by or against Amalco; and

(v) a conviction against, or ruling, order or judgment in favour of or against, either of the Company or MUC Amalco may be enforced by or against Amalco.

ARTICLE 3
RIGHTS OF DISSENT

Section 3.1 Rights of Dissent

Subject to Section 3.2, each registered Common Shareholder may exercise dissent rights with respect to the Common Shares held by such holder ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 237 through Section 247 of the BCBCA, as modified by the Interim Order and this Article 3; provided that, notwithstanding Section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution must be received by the Company not later than 5:00 p.m. (Toronto time) two Business Days

immediately preceding the date of the Company Meeting. Dissenting Holders who duly exercise their Dissent Rights shall be deemed to have transferred the Common Shares held by them in respect of which Dissent Rights have been validly exercised to the Purchaser, without any further act or formality, and free and clear of all Liens, as provided in Section 2.3(h) and if they:

(a) ultimately are entitled to be paid fair value for such Common Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(h)); (ii) will be entitled to be paid the fair value of such Common Shares by the Purchaser, which fair value shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Company Meeting; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Common Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for such Common Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Common Shares (and shall be entitled to receive the Consideration from the Purchaser in the same manner as such non-Dissenting Holders).

Section 3.2 Recognition of Dissenting Holders

(a) In no circumstances shall the Purchaser, the Company or any other Person be required to recognize a Person exercising Dissent Rights (i) unless such Person is the registered holder of those Common Shares in respect of which such rights are sought to be exercised immediately prior to the Effective Time, (ii) if such Person has voted or instructed a proxy holder to vote such Common Shares in favour of the Arrangement Resolution, or (iii) unless such Person has strictly complied with the procedures for exercising Dissent Rights and does not withdraw such dissent prior to the Effective Time.

(b) For greater certainty, in no case shall the Purchaser, the Company or any other Person be required to recognize Dissenting Holders as holders of the Common Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(h), and the names of such Dissenting Holders shall be removed from the register of holders of Common Shares in respect of the Common Shares for which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(h) occurs.

(c) In addition to any other restrictions under Division 2 of Part 8 of the BCBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Incentive Securities, holders of Preferred Shares, holders of Class B Units, holders of Company 2016 Debentures and holders of CPC 2017 Debentures; and (ii) Common Shareholders who vote or have instructed a proxyholder to vote Common Shares in favour of the Arrangement Resolution (but only in respect of such Common Shares).

ARTICLE 4
EXCHANGE OF CERTIFICATES AND PAYMENTS

Section 4.1 Payment of Consideration

(a) On the Effective Date, provided that the CPC 2017 Debentures are exchanged for Common Shares under this Plan of Arrangement, the Purchaser will deposit, or will cause to be deposited, an amount equal to the CPC Exchange Consideration and any payments to be made in connection with Section 4.3, and the Company will deposit or will cause to be deposited, an amount equal to the CPC Cash Payment, each with the Depositary. On the Effective Date, provided the Company 2016 Debentures are redeemed under the Plan of Arrangement, the Company will deposit, or will cause to be deposited, an amount equal to the Company 2016 Debenture Consideration with the Depositary. To the extent necessary, the Purchaser shall make a cash contribution to the Company in such amount as is necessary to effectuate payment to the holders of CPC 2017 Debentures in respect of the CPC Cash Payment.

(b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Common Shares that were transferred pursuant to Section 2.3(j), outstanding Class B Units that were transferred pursuant to Section 2.3(g), outstanding CPC 2017 Debentures that were exchanged and cancelled pursuant to Section 2.3(i), Company 2016 Debentures that were redeemed pursuant to Section 2.3(l), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall, upon the effectiveness of Section 2.3(j), Section 2.3(g), Section 2.3(i) or Section 2.3(l), as applicable, be entitled to receive, and the Depositary shall deliver to such holder, the Consideration or the Company 2016 Debenture Consideration, as applicable, which such holder has the right to receive pursuant to the Plan of Arrangement in respect of such Common Shares, Class B Units, CPC 2017 Debentures or Company 2016 Debentures, as applicable, without interest and less any amounts withheld in accordance with Section 4.3, and any certificate so surrendered shall forthwith be cancelled.

(c) Notwithstanding Section 4.1(a), at the sole discretion of the Company, the Company shall be entitled to deposit the Company 2016 Debenture Consideration with Computershare Trust Company of Canada, in its capacity as trustee of the Company 2016 Debentures Indenture, and such trustee shall be required, to deliver to the holders of the Company 2016 Debentures, as soon as practicable, the Company 2016 Debenture Consideration, as if the Company 2016 Debentures had been redeemed pursuant to the Company 2016 Debentures Indenture, and the provisions thereof in respect of distribution of funds to holders of Company 2016 Debentures, shall apply.

(d) No dividend, interest or other distribution declared or made after the Effective Time with respect to the Common Shares, the Class B Units, the CPC 2017

Debentures or the Company 2016 Debentures, as applicable, with a record or payment date after the Effective Time, shall be paid to the holders of any unsurrendered certificate which, immediately prior to the Effective Time, represented outstanding Common Shares, Class B Units, CPC 2017 Debentures or Company 2016 Debentures, as applicable.

(e) After the Effective Time and until surrendered for cancellation as contemplated by Section 4.1(a) each certificate which immediately prior to the Effective Time represented Common Shares, Class B Units, CPC 2017 Debentures or Company 2016 Debentures shall be deemed at all times to represent only the right to receive in exchange therefor the entitlements which the holder of such certificate is entitled to receive in accordance with Section 4.1(a).

(f) Any certificate that immediately prior to the Effective Time represented outstanding Common Shares, Class B Units, CPC 2017 Debentures or Company 2016 Debentures not duly surrendered with all other documents required by Section 4.1(a) on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder thereof of any kind or nature against or in the Company, CPC or the Purchaser. On such date, all consideration to which such former holder was entitled under the Plan of Arrangement shall be deemed to have been surrendered to the Purchaser, together with all entitlements to dividends, distributions and interest thereon held for such former registered holder.

(g) As soon as practicable after the Effective Date (and not later than the first regularly scheduled payroll date, provided that such payroll date is not less than five Business Days after the Effective Date), the Purchaser shall cause the Company to pay the amounts, net of applicable withholdings, to be paid to holders of Company Options, RSUs, PSUs and DSUs pursuant to this Plan of Arrangement, either (i) pursuant to the normal payroll practices and procedures of the Company, or (ii) in the event that payment pursuant to the normal payroll practices and procedures of the Company is not practicable for any such holder, by cheque (delivered to such holder of Company Options, RSUs, PSUs or DSUs, as applicable, as reflected on the register maintained by the Company in respect of the Company Options, RSUs, PSUs and/or DSUs, as applicable). To the extent necessary, the Purchaser shall make a cash contribution to the Company in such amount as is necessary to effectuate the payments to holders of Incentive Securities related to this Plan of Arrangement.

Section 4.2 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares, Class B Units, CPC 2017 Debentures or Company 2016 Debentures that were exchanged pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate the aggregate consideration in respect thereof which such holder is entitled

to receive pursuant to the Arrangement, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such issuance in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be delivered shall, as a condition precedent to the delivery of such consideration, give an affidavit (in form and substance reasonably acceptable to the Purchaser) of the claimed loss, theft or destruction of such certificate and a bond or surety satisfactory to the Purchaser and the Depositary (each acting reasonably) in such reasonable and customary sum as the Purchaser may direct, or otherwise indemnify the Purchaser, the Company and the Depositary in a manner satisfactory to the Purchaser and the Depositary, each acting reasonably, against any claim that may be made against the Purchaser, the Company and/or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4.3 No Fractional Common Shares and Rounding of Cash

(a) In no event shall any fractional Common Shares be issued under this Plan of Arrangement. Where the aggregate number of Common Shares to be issued under this Plan of Arrangement would result in a fraction of a Common Share being issuable, then the number of Common Shares to be issued shall be rounded down to the closest whole number and, in lieu of the issuance of a fractional Common Share thereof, the Purchaser will pay to each such holder a cash payment (rounded down to the nearest cent) determined by reference to the Consideration.

(b) If the aggregate cash amount which a Party is entitled to receive pursuant to this Plan of Arrangement would otherwise include a fraction of $0.01, then the aggregate cash amount to which such Party shall be entitled to receive shall be rounded up to the nearest whole $0.01.

Section 4.4 Withholding Rights

The provisions of Section 2.13 of the Arrangement Agreement shall apply to payments under this Plan of Arrangement.

Section 4.5 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

Section 4.6 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all Common Shares, Class B Units, Incentive Securities, CPC 2017 Debentures and Company 2016 Debentures issued or outstanding prior to the Effective Time, and (b) the rights and obligations of the Common Shareholders, the holders of Class B Units, the holders of Incentive Securities, the holders of CPC 2017 Debentures, the holders of Company 2016 Debentures, the Company and its Subsidiaries, the Purchaser and its Subsidiaries, the Depositary, the trustee for the CPC 2017 Debentures, the trustee for the Company 2016 Debentures and any transfer agent or other depositary therefor in relation to this Plan of Arrangement shall be solely as provided for in this Plan of Arrangement.

ARTICLE 5
AMENDMENTS

Section 5.1 Amendments to Plan of Arrangement

(a) The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the Parties, each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to the Company Securityholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by any of the Parties at any time prior to the Company Meeting (provided that the other Parties have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Parties (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Common Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the interest of any former Company Securityholder.

(e) If, in accordance with Section 2.4(a) hereof, the purchase of the Company 2016 Debentures is not to proceed, this Plan of Arrangement will be amended and restated to delete Section 2.3(l) and all other references in this Plan of Arrangement to the Company 2016 Debentures and all ancillary references thereto prior to the application for the Final Order without any notification or communication to the Company Securityholders, unless otherwise required by the Court.

(f) If, in accordance with Section 2.4(b) hereof, the purchase of the CPC 2017 Debentures is not to proceed, this Plan of Arrangement will be amended and restated to delete Section 2.3(i) and all other references in this Plan of Arrangement to the CPC 2017 Debentures and all ancillary references thereto prior to the application for the Final Order without any notification or communication to the Company Securityholders, unless otherwise required by the Court.

(g) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

ARTICLE 6
FURTHER ASSURANCES

Section 6.1 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, following the Effective Time, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required or advisable by either of them in order to further document or evidence any of the transactions or events set out in this Plan of Arrangement.

Section 6.2 Indentures

(a) The Company and the Equity Trust Financial Company, in its capacity as trustee, shall be authorized to amend, modify, change or supplement, from time to time, the CPC 2017 Debenture Indenture in order to facilitate the transactions and events set out in this Plan of Arrangement, as the Company in its sole discretion deems necessary or advisable.

(b) The Company and the Computershare Trust Company of Canada, in its capacity as trustee, shall be authorized to amend, modify, change or supplement, from time to time, the Company 2016 Debenture Indenture in order to facilitate the transactions and events set out in this Plan of Arrangement, as the Company in its sole discretion deems necessary or advisable.

EXHIBIT A

PART 29
SPECIAL RIGHTS OR RESTRCITIONS ATTACHED TO THE CLASS A SHARES

29.1 **Ranking.** Except as hereinafter provided, each Class A share without par value (a "New Common Share") and each common share shall have the same rights and attributes and shall rank equally share for share. The preferred shares shall have priority over the New Common Shares in respect of dividends or a return of capital (whether on winding up or on the occurrence of another event that would result in the holders of all series of preferred shares being entitled to a return of capital).

29.2 **Voting Rights.** The holders of the New Common Shares shall be entitled to receive notice of, and to attend, all meetings of the shareholders of the Company and shall have 1.01 vote for each New Common Share held at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

29.3 **Dividends.** The holders of the New Common Shares shall be entitled to receive, subject to the rights of the holders of any other class of shares, any dividend declared by the Company on an equal basis with the holders of the common shares.

29.4 **Dissolution.** In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, the holders of the New Common Shares shall, subject to the rights of any other class of shares, be entitled to receive the remaining property of the Company on an equal basis with the holders of the common shares.

APPENDIX F

FAIRNESS OPINIONS

RBC Capital Markets®

RBC Dominion Securities Inc.
P.O. Box 50
Royal Bank Plaza
Toronto, ON M5J 2W7
Telephone: 416-842-2000

January 20, 2016

The Board of Directors

Capstone Infrastructure Corporation
155 Wellington Street West, Suite 2930
Toronto, Ontario
M5V 3H1
Canada

To the Board:

RBC Dominion Securities Inc. ("RBC"), a member company of RBC Capital Markets, understands that Capstone Infrastructure Corporation ("Capstone") and Irving Infrastructure Corp. (the "Purchaser"), a wholly-owned subsidiary of iCON Infrastructure Partners III, L.P. (the "Parent") which is advised by iCON Infrastructure LLP ("iCON"), propose to enter into an agreement to be dated January 20, 2016 (the "Arrangement Agreement") in respect of a plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia). Under the terms of the Arrangement, it is proposed that:

(i) the Purchaser will acquire all of the outstanding common shares of Capstone (the "Shares") and all of the Class B exchangeable units of Capstone's subsidiary MPT LTC Holding LP for $4.90 in cash per Share (the "Common Share Consideration") or unit, as applicable;

(ii) Capstone will redeem all of Capstone's 6.50% convertible unsecured subordinated debentures due December 31, 2016 (the "Capstone 2016 Debentures") for 101% of their aggregate principal amount, together with any accrued and unpaid interest thereon up to and including the date upon which the Arrangement becomes effective, at the rate of interest specified in the trust indenture dated December 22, 2009 between Macquarie Power & Infrastructure Income Fund (the "Fund") and Computershare Trust Company of Canada, as trustee, as amended by the supplemental indenture dated January 1, 2011 among the Fund, Macquarie Power and Infrastructure Corporation and Computershare Trust Company of Canada, as trustee (together the "Capstone 2016 Debenture Indenture"), (the "Capstone 2016 Debenture Consideration"); and

(iii) Capstone Power Corp.'s ("CPC") 6.75% extendible convertible unsecured subordinated debentures due December 31, 2017 (the "CPC 2017 Debentures" and together with the Capstone 2016 Debentures, the "Debentures") will be converted into Shares and such Shares will be acquired by the Purchaser, with the holders of CPC 2017 Debentures (the "CPC 2017 Debentureholders") receiving for each $1,000 of principal amount an amount equal to the sum of (a) the number of Shares into which each $1,000 of principal amount of CPC 2017 Debentures is convertible at the Cash Change

of Control Conversion Price as defined in the debenture indenture dated as of August 28, 2012 between Sprott Power Corp. and Equity Financial Trust Company, as trustee, as amended by the supplemental debenture indenture dated October 1, 2013 among Capstone, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, the second supplemental indenture dated November 12, 2013 among Capstone, Renewable Energy Developers Inc. and Equity Financial Trust Company, as trustee, and the third supplemental indenture dated February 15, 2014 among Capstone, CPC and Equity Financial Trust Company, as trustee (together the "CPC 2017 Debenture Indenture") multiplied by $4.90, (b) $0.76923, and (c) any accrued but unpaid interest thereon (the "CPC 2017 Debenture Consideration").

The terms of the Arrangement will be more fully described in a management information circular (the "Circular"), which will be mailed to the holders of Shares (the "Shareholders"), the holders of Capstone 2016 Debentures (the "Capstone 2016 Debentureholders") and the CPC 2017 Debentureholders (together with the Capstone 2016 Debentureholders, the "Debentureholders") in connection with the Arrangement.

Capstone has retained RBC to provide advice and assistance to Capstone in evaluating the Arrangement, including the preparation and delivery to the board of directors of Capstone (the "Board") of RBC's opinion (the "Fairness Opinion") as to the fairness of the consideration under the Arrangement from a financial point of view to the Shareholders and the Debentureholders. RBC has not prepared a valuation of Capstone or any of its securities or assets and the Fairness Opinion should not be construed as such.

Engagement

Capstone initially contacted RBC regarding a potential advisory assignment in June 2014, and RBC was formally engaged by Capstone through an agreement between Capstone and RBC dated June 20, 2014 and amended effective as of June 20, 2015 (together the "Engagement Agreement"). The terms of the Engagement Agreement provide that RBC is to be paid a fee for its services as financial advisor, including fees that are contingent on completion of the Arrangement, or certain other events. In addition, RBC is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by Capstone in certain circumstances. RBC consents to the inclusion of the Fairness Opinion in its entirety and a summary thereof in the Circular and to the filing thereof, as necessary, by Capstone with the securities commissions or similar regulatory authorities in each province of Canada.

Relationship With Interested Parties

Neither RBC, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of Capstone, the Purchaser or any of their respective associates or affiliates. RBC has not been engaged to provide any financial advisory services nor has it participated in any financing involving Capstone, the Purchaser, the Parent, iCON or any of their respective associates or affiliates, within the past two years, other than the services provided under the Engagement Agreement and as described herein. RBC has acted for Capstone as financial advisor in relation to Capstone's evaluation of a potential acquisition in early 2015 and associated financing. RBC may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Capstone, the Purchaser, the Parent, iCON or any of their respective associates or affiliates. Royal Bank of Canada ("Royal Bank"), controlling shareholder of RBC, provides banking services to Capstone in the normal course of business. Royal Bank currently holds $73 million in Capstone's revolving credit facility.

RBC acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of Capstone, the Purchaser, the Parent, iCON or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, RBC conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to Capstone or the Arrangement.

Credentials of RBC Capital Markets

RBC is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, corporate banking, mergers and acquisitions, equity and fixed income sales and trading and investment research. RBC Capital Markets also has significant operations in the United States and internationally. The Fairness Opinion expressed herein represents the opinion of RBC and the form and content herein have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

Scope of Review

In connection with our Fairness Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. the most recent draft, dated January 20, 2016, of the Arrangement Agreement;
2. the debt commitment letter addressed to Parent for aggregate principal amount of $125 million from Canadian Imperial Bank of Commerce and The Bank of Nova Scotia dated January 20, 2016;
3. the equity commitment letter from the Parent to the Purchaser dated January 20, 2016;
4. audited financial statements of Capstone for each of the four years ended December 31, 2011, 2012, 2013 and 2014, and of the Fund for the year ended December 31, 2010;
5. the unaudited interim reports of Capstone for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015;
6. annual reports of Capstone for each of the two years ended December 31, 2013 and 2014;
7. the Notice of Annual General Meeting of Shareholders and Management Information Circulars of Capstone for each of the two years ended December 31, 2013 and 2014;
8. annual information forms of Capstone for each of the two years ended December 31, 2013 and 2014;
9. historical segmented financial statements of Capstone by segment for each of the four years ended December 31, 2011, 2012, 2013 and 2014, and of the Fund by segment for the year ended December 31, 2010;
10. unaudited projected financial statements for Capstone on a consolidated basis and by segment prepared by management of Capstone for the years ending December 31, 2016 through December 31, 2037;
11. the Capstone 2016 Debenture Indenture;
12. the CPC 2017 Debenture Indenture;
13. discussions with senior management of Capstone;

14. discussions with Capstone's legal counsel, including with respect to the terms and treatment of the Debentures under their respective indentures and under a change of control (including a cash change of control);
15. site visits to certain of Capstone's facilities;
16. public information relating to the business, operations, financial performance and stock trading history of Capstone and other selected public companies considered by us to be relevant;
17. public information with respect to other transactions of a comparable nature considered by us to be relevant;
18. public information regarding the industries in which Capstone operates;
19. representations contained in certificates addressed to us, dated as of the date hereof, from senior officers of Capstone as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and
20. such other corporate, industry and financial market information, investigations and analyses as RBC considered necessary or appropriate in the circumstances.

RBC has not, to the best of its knowledge, been denied access by Capstone to any information requested by RBC.

Assumptions and Limitations

With the Board's approval and as provided for in the Engagement Agreement, RBC has relied upon the completeness, accuracy and fair presentation of all of the financial (including, without limitation, the financial statements of Capstone) and other information, data, advice, opinions or representations obtained by it from public sources, senior management of Capstone, and their consultants and advisors (collectively, the "Information"). The Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

Senior officers of Capstone have represented to RBC in a certificate delivered as of the date hereof, among other things, that (i) the Information (as defined above) provided orally by, or in the presence of, an officer or employee of Capstone or in writing by Capstone or any of its subsidiaries (as such term is defined in the *Securities Act* (Ontario)) or their respective agents to RBC for the purpose of preparing the Fairness Opinion was, at the date the Information was provided to RBC, and is complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of Capstone, its subsidiaries or the Arrangement and did not and does not omit to state a material fact in respect of Capstone, its subsidiaries or the Arrangement necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was provided or any statement was made; and that (ii) since the dates on which the Information was provided to RBC, except as disclosed in writing to RBC, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Capstone or any of its subsidiaries and no material change has occurred in the Information or any part thereof.

In preparing the Fairness Opinion, RBC has made several assumptions, including that all of the conditions required to implement the Arrangement will be met.

The Fairness Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Capstone and its subsidiaries and affiliates, as they were reflected in the

Information and as they have been represented to RBC in discussions with management of Capstone. In its analyses and in preparing the Fairness Opinion, RBC made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of RBC or any party involved in the Arrangement.

The Fairness Opinion has been provided for the use of the Board and may not be used by any other person or relied upon by any other person other than the Board without the express prior written consent of RBC. The Fairness Opinion is given as of the date hereof and RBC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to RBC's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, RBC reserves the right to change, modify or withdraw the Fairness Opinion.

RBC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Fairness Opinion is not to be construed as a recommendation to any Shareholder or Debentureholder as to whether to vote in favour of the Arrangement.

Fairness Analysis

Approach to Fairness

In considering the fairness of the consideration under the Arrangement from a financial point of view to the Shareholders, RBC principally considered and relied upon the following: (i) a comparison of the Common Share Consideration under the Arrangement to the results of a discounted cash flow analysis of Capstone on a segmented basis; (ii) a comparison of selected financial multiples, to the extent publicly available, of selected precedent transactions to the multiples implied by the Common Share Consideration under the Arrangement on a segmented basis; and (iii) a comparison of the Common Share Consideration under the Arrangement to the recent market trading prices of the Shares. RBC also reviewed and compared selected financial multiples for comparable companies whose securities are publicly traded to the multiples implied by the Common Share Consideration under the Arrangement. Given that public company values generally reflect minority discount values rather than "en bloc" values, RBC did not rely on this methodology.

In considering the fairness of the consideration under the Arrangement from a financial point of view to the Capstone 2016 Debentureholders, RBC principally considered and relied upon a comparison of the Capstone 2016 Debenture Consideration under the Arrangement to the entitlement of the Capstone 2016 Debentureholders under the Capstone 2016 Debenture Indenture.

In considering the fairness of the consideration under the Arrangement from a financial point of view to the CPC 2017 Debentureholders, RBC principally considered and relied upon a comparison of the CPC 2017 Debenture Consideration under the Arrangement to the entitlement of the CPC 2017 Debentureholders under the CPC 2017 Debenture Indenture.

Fairness Conclusion

Common Share Consideration

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the Common Share Consideration is fair from a financial point of view to the Shareholders.

Capstone 2016 Debenture Consideration

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the Capstone 2016 Debenture Consideration is fair from a financial point of view to the Capstone 2016 Debentureholders.

CPC 2017 Debenture Consideration

Based upon and subject to the foregoing, RBC is of the opinion that, as of the date hereof, the CPC 2017 Debenture Consideration is fair from a financial point of view to the CPC 2017 Debentureholders.

Yours very truly,

RBC Dominion Securities Inc.

RBC DOMINION SECURITIES INC.

TD Securities
TD Securities Inc.
TD Tower
66 Wellington Street West, 9th Floor
Toronto, Ontario M5K 1A2

January 20, 2016

The Board of Directors
Capstone Infrastructure Corporation
155 Wellington Street West, Suite 2390
Toronto, Ontario M5V 3H1

To the Board of Directors:

TD Securities Inc. ("TD Securities") understands that Capstone Infrastructure Corporation ("Capstone" or the "Company") is considering entering into an agreement (the "Arrangement Agreement") to effect a plan of arrangement (the "Arrangement") with Irving Infrastructure Corp. ("Irving"), a subsidiary of iCON Infrastructure Partners III, L.P. ("iCON"), pursuant to which, among other things:

- Irving will acquire all of the issued and outstanding common shares of Capstone (the "Common Shares") and class B exchangeable units of Capstone's subsidiary MPT LTC Holding LP (the "Class B Units") for $4.90 cash per Common Share or Class B Unit, as applicable;

- provided that the requisite approval of the Arrangement by holders of Capstone's 6.50% convertible unsecured subordinated debentures due December 31, 2016 (the "Capstone 2016 Debentures") is received, holders of Capstone 2016 Debentures ("Capstone 2016 Debentureholders") will receive, for each $1,000 of outstanding principal amount, an amount of cash equal to the sum of (i) $1,010, and (ii) any accrued and unpaid interest thereon; and

- provided that the requisite approval of the Arrangement by holders of Capstone Power Corp.'s 6.75% extendible convertible unsecured subordinated debentures due December 31, 2017 (the "CPC 2017 Debentures", and together with the Capstone 2016 Debentures, the "Debentures") is received, holders of CPC 2017 Debentures ("CPC 2017 Debentureholders") will effectively receive, for each $1,000 of outstanding principal amount, an amount of cash equal to the sum of (i) $4.90 multiplied by the number of Common Shares a CPC 2017 Debentureholder would be entitled to receive if such CPC 2017 Debentureholder converted its CPC 2017 Debentures at the discounted cash change of control conversion price set out in the indenture governing the CPC 2017 Debentures, (ii) $0.76923, and (iii) any accrued and unpaid interest thereon.

The above description is summary in nature. The specific terms and conditions of the Arrangement will be more fully described in the joint notice of special meetings and management information circular (the "Circular"), which is to be mailed to the holders of Common Shares (the "Capstone Shareholders" and together with the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders, the "Capstone Securityholders"), the holders of Class B Units, the Capstone 2016 Debentureholders and the CPC 2017 Debentureholders in connection with the Arrangement.

ENGAGEMENT OF TD SECURITIES

TD Securities was first contacted by Capstone regarding a potential advisory assignment in June 2014, and formally engaged by Capstone pursuant to an engagement agreement dated July 10, 2014 and subsequently amended on September 3, 2015 (the "Engagement Agreement").

Pursuant to the Engagement Agreement, the Company has asked TD Securities to provide financial advisory services, including preparing and delivering to the board of directors of Capstone (the "Board") an opinion (this "Opinion") as to the fairness, from a financial point of view, of the consideration to be received by the Capstone Securityholders pursuant to the Arrangement. This Opinion has been prepared in accordance with the applicable Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC"), but IIROC has not been involved in the preparation or review of this Opinion. TD Securities has not prepared a valuation of Capstone**,** MPT LTC Holding LP or Capstone Power Corp. or any of their respective securities or assets and this Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable upon signing the Engagement Agreement, a portion of which is payable upon delivery of this Opinion, a portion of which is payable upon public announcement by Capstone that its Board has recommended that Securityholders approve the Arrangement and a portion of which is payable upon closing. In addition, TD Securities is to be reimbursed for its reasonable out of pocket expenses and Capstone has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

CREDENTIALS OF TD SECURITIES

TD Securities is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various sectors and has extensive experience in preparing valuations and fairness opinions.

This Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation, and fairness and adequacy opinion matters.

RELATIONSHIP WITH INTERESTED PARTIES

Neither TD Securities nor any of its affiliated entities (as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101")) is an issuer insider, associated entity or affiliated entity (as those terms are defined in MI 61-101) of Capstone or iCON or any of their respective associated entities or affiliated entities (collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties in connection with the Arrangement other than to the Company pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, and have not acted as an underwriter on any offering of equity or debt involving Capstone or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of this Opinion, other than acting as sole arranger on the Company's private placement of bonds

that closed on June 6, 2012, raising gross proceeds of approximately $100 million. The Toronto-Dominion Bank ("TD Bank"), the parent company of TD Securities, is a lender to Capstone.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to Arrangement or any Interested Party.

The fees payable to TD Securities in connection with the Engagement Agreement and this Opinion are not financially material to TD Securities. No understandings or agreements exist between TD Securities and any Interested Party with respect to future financial advisory or investment banking business other than those that may arise as a result of the Engagement Agreement. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Capstone or any other Interested Party. TD Bank may continue to provide in the future, in the ordinary course of business, banking services including loans to Capstone or any other Interested Party.

SCOPE OF REVIEW

In connection with this Opinion, TD Securities reviewed (where applicable) and relied upon (without attempting to verify independently the completeness or accuracy or fair presentation thereof), among other things, the following:

1. draft copies of various transaction documents, including the Arrangement Agreement and Plan of Arrangement received on January 20, 2016, and the form of voting support agreement received on January 17, 2016;

2. audited financial statements of Capstone and management's discussion and analysis related thereto for the years ended December 31, 2012, 2013 and 2014;

3. quarterly interim reports of Capstone including the unaudited financial statements and management's discussion and analysis related thereto for each of the interim periods ended September 30, 2014 and September 30, 2015;

4. annual information forms of Capstone dated March 21, 2013, March 26, 2014 and March 24, 2015;

5. unaudited operating and financial projections prepared by Capstone management;

6. non-public documents relating to Capstone regarding operating plans, general and administrative expenses and other relevant information;

7. other financial, legal and operating information and materials assembled by Capstone management including access to a management prepared data room;

8. the relevant indentures governing the Capstone 2016 Debentures and CPC 2017 Debentures;

9. public information with respect to other power and utilities transactions of a comparable nature considered relevant;

10. public information relating to the business, operations, financial performance and trading history of Capstone and other selected public entities considered relevant;

11. various research publications prepared by equity research analysts regarding Capstone and other selected public entities considered relevant;

12. discussions with senior management of Capstone with respect to the information referred to above and other issues considered relevant;

13. representations contained in a certificate dated January 20, 2016 from senior officers of Capstone as to the completeness and accuracy of the information upon which this Opinion is based (the "Certificate"); and

14. such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Capstone or its affiliates to any information requested by TD Securities. TD Securities did not meet with the auditors of Capstone and has assumed the accuracy and fair presentation of the audited financial statements of Capstone and the reports of the auditors thereon.

PRIOR VALUATIONS

Senior officers of Capstone, on behalf of Capstone, have represented to TD Securities after due inquiry that, among other things, there have been no valuations or appraisals relating to Capstone or any of its affiliates or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Capstone other than those which have been provided to TD Securities or, in the case of valuations known to Capstone which it does not have within its possession or control, notice of which has not been not been given to TD Securities.

ASSUMPTIONS AND LIMITATIONS

With the Company's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon and assumed the accuracy, completeness and fair presentation of all financial and other data, advice, opinions, representations and other information obtained by it from public sources or provided to it by or on behalf of Capstone, its representatives, and/or its affiliates, or otherwise obtained by TD Securities, including the Certificate and all other documents and information referred to above related to Capstone (collectively, the "Information"). This Opinion is premised and conditional upon such accuracy, completeness and fair presentation and upon there being no "misrepresentation" (as defined pursuant to applicable securities laws) in the Information. In addition, TD Securities has assumed that there is no information relating to the business, operations, assets, liabilities, condition (financial or otherwise), capital or business prospects of Capstone that is or could reasonably be expected to be material to this Opinion that has not been disclosed or otherwise made available to TD Securities as part of the Information. Subject to the exercise of professional judgment and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein which TD Securities has been advised are (or were at the time of preparation and continue to be as of the date hereof), in the opinion of Capstone, reasonable in the circumstances. TD Securities expresses no independent view as to, and disclaims all responsibility for, the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

Two senior officers of the Company have represented and certified to TD Securities in the Certificate, among other things, that to the best of their knowledge, information and belief after due inquiry (i) Capstone has no knowledge of any material facts, public or otherwise, relating to Capstone or the Arrangement not provided to TD Securities or publicly filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") by Capstone; (ii) with the exception of forecasts, projections or estimates referred to in subparagraph (iv) below, the information, data and other material publicly filed by Capstone on SEDAR or provided to TD Securities by or on behalf of Capstone or its representatives in respect of Capstone and its affiliates (collectively, the "Capstone Information") was, at the date of preparation, true, complete and accurate and did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the Capstone Information not misleading in the light of circumstances in which it was presented; (iii) with respect to the Capstone Information identified in subparagraph (ii) above, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information publicly filed by Capstone on SEDAR or provided to TD Securities by Capstone and there has been no material change, financial or otherwise in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Capstone that has not been disclosed to TD Securities or publicly disclosed by Capstone on SEDAR; (iv) any portions of the Capstone Information provided to TD Securities (or filed by Capstone on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of Capstone, are (or were at the time of preparation) reasonable in the circumstances and, subject to any updates thereto provided to TD Securities or filed by Capstone on SEDAR, reflect the best currently available estimates and good faith judgements by management of Capstone of the future competitive, operating and regulatory environments and related financial performance of Capstone; (v) there have been no valuations or appraisals relating to Capstone or any of their affiliates or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Capstone other than those which have been provided to TD Securities or, in the case of valuations known to Capstone which it does not have within its possession or control, notice of which has not been given to TD Securities; (vi) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of Capstone or any of its affiliates during the preceding 24 months which have not been disclosed to TD Securities; (vii) other than as publicly disclosed by Capstone on SEDAR, no material transaction has been entered into by Capstone or any of its affiliates in the preceding 12 months; (viii) other than as disclosed in the Capstone Information, Capstone and its affiliates have no material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Arrangement, Capstone or any of its affiliates at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect Capstone or its affiliates or the Arrangement; (ix) all financial material, documentation and other data concerning the Arrangement, Capstone and its affiliates, including any projections or forecasts provided to TD Securities but excluding the non-GAAP financial measures described under the heading "Non-GAAP Measures" in Capstone’s management’s discussion and analysis for the three and nine months ended September 30, 2015, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of Capstone;

(x) there are no agreements, undertakings, commitments or understandings (whether written or oral, formal or informal) relating to the Arrangement, except as have been disclosed in complete detail to TD Securities; (xi) the contents of any and all documents prepared in connection with the Arrangement for filing with regulatory authorities or delivery or communication to securityholders of Capstone (collectively, the "Disclosure Documents") have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (xii) Capstone has complied in all material respects with the Engagement Agreement; and (xiii) there is no plan or proposal for or any anticipated material change (as defined in the *Securities Act* (Ontario)) with respect to Capstone which has not been disclosed to TD Securities.

In preparing this Opinion, TD Securities has made several assumptions, including that all final executed versions of agreements and documents relating to the Arrangement will conform in all material respects to the drafts provided to or terms discussed with TD Securities, all conditions to the completion of the Arrangement can and will be satisfied in due course in accordance with applicable laws, that all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained, without adverse condition or qualification, that the actions being taken and the procedures being followed to implement the Arrangement are valid and effective and comply with all applicable laws and regulatory requirements, and that the Circular will disclose all material facts relating to the Arrangement and will satisfy all applicable legal requirements. In its analysis in connection with the preparation of this Opinion, TD Securities made numerous assumptions with respect to industry performance, general business, market and economic conditions, and other matters, many of which are beyond the control of TD Securities and the Interested Parties.

This Opinion has been provided solely for the use of the Board in connection with their consideration of the Arrangement and is not intended to be, and does not constitute, a recommendation to the Board. This Opinion may not be used or relied upon by any other person or for any other purpose without the express prior written consent of TD Securities. For greater certainty, this Opinion does not constitute: (i) a recommendation to any Capstone Securityholder as to how to vote with respect to the Arrangement or any other matter; (ii) a "tax" opinion in respect of Capstone or any of its assets; (iii) advice as to the price at which the securities of any of the Interested Parties may trade before or after the completion of the Arrangement; or (iv) a recommendation to acquire the securities of any of the Interested Parties. This Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities, except that TD Securities consents to the inclusion of the complete text of this Opinion and the summary thereof, subject to its review of the final form of such disclosures, in the Circular. This Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Capstone, nor does it address the underlying business decision to implement the Arrangement. TD Securities considered the Arrangement from the perspective of all Capstone Securityholders generally and did not consider the specific circumstances of any particular Capstone Securityholder, including with regard to income tax considerations. TD Securities' conclusion as to the fairness, from a financial point of view, of the consideration to be received by the Capstone Securityholders in connection with the Arrangement is based on its review of the Arrangement taken as a whole, rather than on any particular element of the Arrangement.

This Opinion is rendered as of January 20, 2016, on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Capstone as reflected in the Information or otherwise available to TD Securities. Any changes therein may affect this Opinion and, although TD Securities reserves the right to change, withdraw, withhold or supplement this Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw, withhold

or supplement this Opinion after such date. TD Securities is not an expert on, and did not provide advice to the Board regarding legal, accounting, regulatory, environmental or tax matters.

The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the process underlying this Opinion. Accordingly, this Opinion should be read in its entirety.

FAIRNESS CONCLUSION

Based upon and subject to the foregoing, TD Securities is of this opinion that, as of January 20, 2016, (i) the consideration to be received by the Capstone Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Capstone Shareholders; (ii) the consideration to be received by the Capstone 2016 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the Capstone 2016 Debentureholders; and (iii) the consideration to be received by the CPC 2017 Debentureholders pursuant to the Arrangement is fair, from a financial point of view, to the CPC 2017 Debentureholders.

Yours very truly,

TD Securities Inc.

APPENDIX G

DIVISION 2 OF PART 8 OF THE BCBCA

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully

able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

ANY QUESTIONS AND REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO THE INFORMATION AND PROXY SOLICITATION AGENT:

D.F. KING

North American Toll Free Phone:

1 (800) 229-5716

Banks, Brokers and collect calls: 201-806-7301
Toll Free Facsimile: 1-888-509-5907
Email: inquiries@dfking.com