

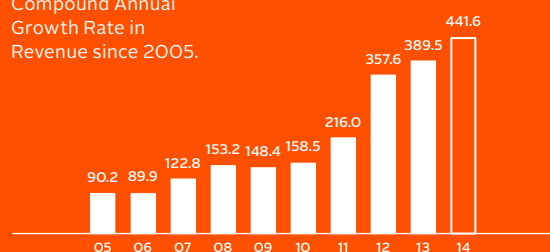
Capstone's 2014 full-year financial results reflect the successful diversification of the company's portfolio to include a range of core infrastructure assets with complementary cash flow and risk dynamics.

HISTORICAL REVENUE

(in millions of dollars)⁽¹⁾

19.3%

Compound Annual Growth Rate in Revenue since 2005.

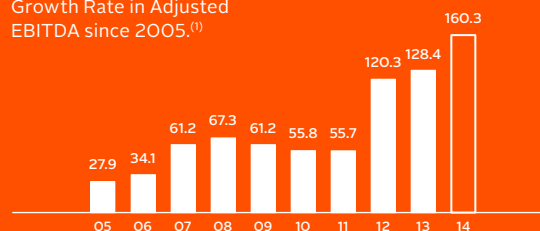


ADJUSTED EBITDA

(in millions of dollars)⁽¹⁾

21.4%

Compound Annual Growth Rate in Adjusted EBITDA since 2005.⁽¹⁾



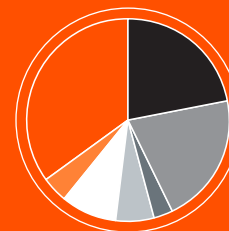
ADJUSTED EBITDA IN 2014 BY GEOGRAPHY⁽²⁾

- 61% Canada
- 35% United Kingdom
- 4% Sweden

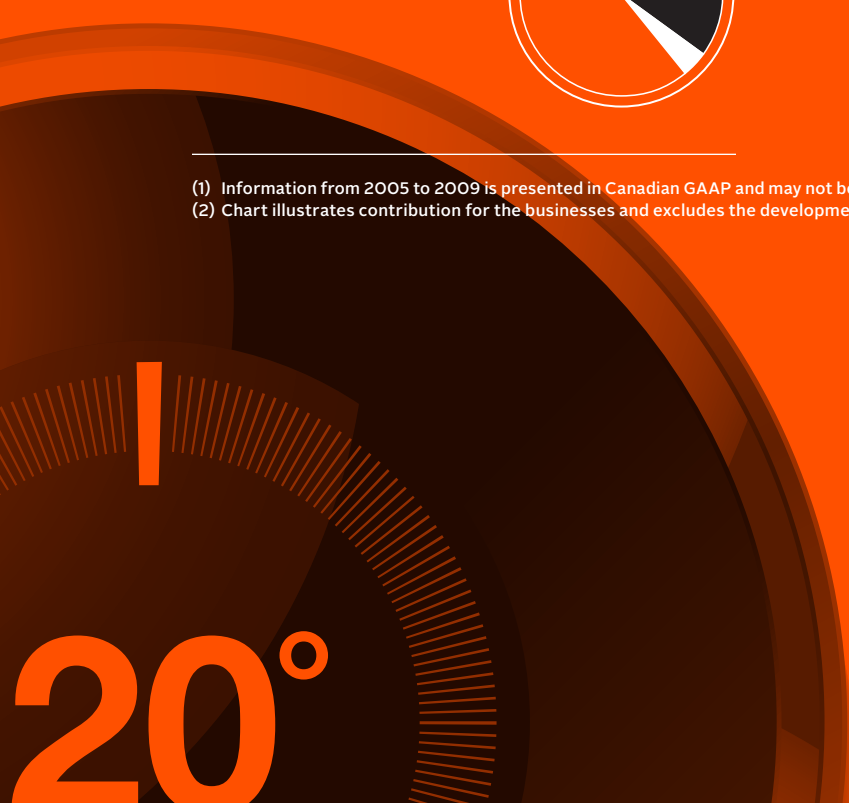


ADJUSTED EBITDA IN 2014 BY BUSINESS⁽²⁾

- 35% Water Utility
- 22% Gas Cogeneration Power
- 21% Wind Power
- 3% Biomass Power
- 6% Hydro Power
- 9% Solar Power
- 4% District Heating



(1) Information from 2005 to 2009 is presented in Canadian GAAP and may not be comparable with information provided under IFRS for 2010 to 2014.
 (2) Chart illustrates contribution for the businesses and excludes the development and corporate components.



Financial Highlights

Capstone delivered strong financial results in fiscal 2014 with total revenue 13.4% higher, at \$441.6 million. Adjusted EBITDA was \$160.4 million, a 24.9% increase from 2013 and ahead of our forecasted range for the year. This achievement reflects our growing portfolio of wind power assets, greater returns from Bristol Water due to higher regulated rates and foreign exchange appreciation, an increased contribution from Cardinal and the absence of acquisition due diligence costs that were incurred during the previous year.

DEAR FELLOW SHAREHOLDERS,

Among Capstone's significant highlights of 2014:

- Secured \$158 million in project-level financing for Skyway 8, Goulais and Saint-Philémon wind projects;
- Enhanced the company's financial flexibility by expanding the corporate credit facility to \$90 million;
- Affirmed support for the current dividend policy.

The company's financial position remains sound. At the end of 2014, Capstone held \$58.8 million of cash and equivalents, of which \$27.4 million is available for general corporate purposes. Capstone's debt-to-

capitalization ratio rose to 71.2% on a fair value basis, which reflects the company's lower share price and a higher fair value for debt as interest rates decline. At our power facilities, 97.8% of the debt is secured at the asset level, is non-recourse to Capstone and is scheduled to amortize over the life of each operating business. Debt at Bristol Water is similarly long-term, with 77.5% carrying a maturity longer than 10 years. Capstone is in compliance with all covenants and expects to remain so.

These results and financial position have occurred within the context of an evolving asset mix for Capstone. Cardinal now operates a new long-term contract, our wind power portfolio is expanding as new facilities

are built and commissioned, and Bristol Water – though a perpetual asset with excellent long-term growth prospects – undergoes a regulatory review of the 2015-2020 business plan set by Ofwat, the economic regulator for water utilities in the United Kingdom.

Our forecast for 2015 accounts for these factors, with an expected higher contribution from our growing wind power assets, a lower contribution from Cardinal under its new contract and a return to normal dividends from our district heating utility in Sweden. Bristol Water will operate under the final determination issued by Ofwat after the first quarter of 2015. Capstone's Adjusted EBITDA for 2015 is therefore anticipated to be approximately \$115 million to \$125 million.

Our Key Financial Principles

FINANCIAL RISK MANAGEMENT

We continually monitor, analyze and seek to minimize the risks within our capital structure with a view to maintaining an optimal financing mix that suits the nature of our businesses and that generates value for shareholders.

“WE WILL HOLD STEADFAST TO OUR PRINCIPLES AS WE EXECUTE OUR PLAN TO ENHANCE SHAREHOLDER VALUE IN 2015 AND BEYOND.”



Michael Smerdo, Executive Vice President and Chief Financial Officer

As we outlined when we issued our fiscal 2015 forecast, we expect that the regulatory review of Bristol Water's five-year business plan will yield an improved result over the current determination, which could lead to higher dividends from Bristol Water during the upcoming regulatory period. In addition to the recently commissioned wind projects and the upcoming commissioning of the Goulais facility, Capstone has six more wind projects in development, two of which received their Renewable Energy Approval in late January 2015.

Management's expectation is that Capstone will achieve its long-term target Adjusted Funds from Operations ("AFFO") payout ratio of 80% with the development of these medium-term wind projects, and other initiatives that impact AFFO, in 2017. During this time, we have the stable operating portfolio along with ample liquidity to support the dividends on our preferred and common shares.

In order to support the company's strategy of developing, acquiring and managing a high-quality portfolio of infrastructure businesses, my priorities for 2015 include:

- Delivering financial performance in line with, or better than, our forecast;
- Ensuring a suitable capital structure at the corporate and subsidiary level that aligns with the cash flow profile and duration of our businesses;
- Cultivating ongoing relationships with investors and lenders and preserving financial flexibility to ensure access to either debt or equity capital on commercially reasonable terms;
- Maintaining sufficient liquidity to meet short- and medium-term operating requirements; and,
- Communicating Capstone's operating results and performance forecasts with transparency.

Capstone is a fundamentally solid organization that has grown in just over ten years from a single asset to a diversified international infrastructure company with a high-quality portfolio of operating assets and compelling development projects, coupled with strong in-house capabilities to deliver those projects. The various high-quality income streams that characterize Capstone today are the result of a disciplined approach to financial management and growth. We will hold steadfast to these principles as we execute our plan to enhance shareholder value in 2015 and beyond.

Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Smerdo'.

MICHAEL SMERDON

Executive Vice President and
Chief Financial Officer

RESULTS-ORIENTATION

Our team is squarely focused on meeting – and exceeding – planned business performance expectations, which improves our company's stability, value and future prospects.

FLEXIBILITY

We seek to manage our capital structure so that it remains flexible and offers room for expansion.