



CAPSTONE INFRASTRUCTURE CORPORATION

**NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON
JUNE 10, 2011**

AND

INFORMATION CIRCULAR

APRIL 27, 2011



CAPSTONE INFRASTRUCTURE CORPORATION

**Notice of Annual Meeting of Shareholders
to be held on June 10, 2011**

Notice is hereby given that the annual meeting (the "Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of Capstone Infrastructure Corporation¹ (the "Corporation") will be held at One King West Hotel, 1 King Street West, The Chairman's Boardroom, Toronto, Ontario on June 10, 2011 at 10:00 a.m. (Toronto time) for the following purposes:

- (a) to receive the audited consolidated annual financial statements of the predecessor to the Corporation, Macquarie Power & Infrastructure Income Fund, as at and for the financial year ended December 31, 2010 and the auditors' report thereon;
- (b) to elect the directors of the Corporation;
- (c) to re-appoint the auditors of the Corporation and to authorize the directors of the Corporation to fix such auditors' remuneration; and
- (d) to transact such other business as may properly come before the Meeting or any adjournment thereof.

A copy of the Corporation's Information Circular dated April 27, 2011, which includes specific details of the foregoing matters, together with either a form of proxy or a voting instruction form, depending upon the particular securities dealer or broker, bank, trust company or other intermediary through which Common Shares are held, accompany this notice.

Shareholders are invited to attend the Meeting. Shareholders of record at 5:00 p.m. (Toronto time) on May 5, 2011 will be entitled to vote at the Meeting.

Shareholders are requested to complete and return either the accompanying (a) form of proxy or other proper form of proxy to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, at any time up to 48 hours prior to the Meeting or any adjournment thereof (or otherwise in accordance with the instructions printed on the accompanying form of proxy) or (b) voting instruction form in accordance with the instructions printed on the voting instruction form.

DATED the 27th day of April, 2011.

By Order of the Directors of Capstone Infrastructure Corporation

(signed) "Stuart M. Miller"

Stuart M. Miller
Executive Vice President, General Counsel and
Corporate Secretary

¹ Macquarie Power & Infrastructure Income Fund was the predecessor of the Corporation. Pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) effective on January 1, 2011, Macquarie Power & Infrastructure Income Fund converted into Macquarie Power and Infrastructure Corporation. On April 15, 2011, the Corporation changed its name from Macquarie Power and Infrastructure Corporation to Capstone Infrastructure Corporation.



CAPSTONE INFRASTRUCTURE CORPORATION

INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 10, 2011

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the directors (the “Directors”) of Capstone Infrastructure Corporation¹ (the “Corporation”) to be used at the annual meeting (the “Meeting”) of holders (“Shareholders”) of common shares (“Common Shares”) of the Corporation to be held at One King West Hotel, 1 King Street West, The Chairman’s Boardroom, Toronto, Ontario on June 10, 2011 at 10:00 a.m. (Toronto time), and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting.

Except where otherwise indicated, the information contained in this Information Circular is stated as at April 27, 2011 and all references to dollar amounts and “\$” are to Canadian dollars. In this Information Circular, in the case of references to matters relating to the period prior to January 1, 2011, the “Corporation” refers to Macquarie Power & Infrastructure Income Fund (the “Fund”), the predecessor to the Corporation, and “Directors” refers to trustees of the Fund.

The solicitation of proxies will be made primarily by mail, but proxies may also be solicited by personal interview, telephone or by other means of communication on behalf of management of the Corporation by the Directors, officers, agents or employees of the Corporation, without special compensation, or by the Corporation’s transfer agent, Computershare Investor Services Inc., at nominal cost. The total cost of solicitation will be borne by the Corporation. As well, the Corporation will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for any reasonable expenses incurred in sending proxy material to beneficial and registered Shareholders and requesting authority to execute proxies.

VOTING BY BENEFICIAL SHAREHOLDERS

The information set forth in this section is of particular importance to beneficial holders of Common Shares (“Beneficial Shareholders”). Under the electronic book-based registration system through which the Common Shares are held, the only registered Shareholder is CDS Clearing and Depository Services Inc. or its affiliates (collectively, “CDS”). 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. Common Shares registered in the name of CDS and held by a Beneficial Shareholder through a CDS Participant can only be voted (for or withheld from voting on resolutions) upon instructions of the Beneficial Shareholder. Without specific instructions from a Beneficial Shareholder, CDS is prohibited from voting in respect of such Beneficial Shareholder’s Common Shares. Therefore, Beneficial Shareholders should ensure that their voting instructions in respect of their Common Shares are communicated in accordance with the procedures described below.

In addition to the Notice of Annual Meeting accompanying this Information Circular, each Beneficial Shareholder will also receive, depending on the particular CDS Participant through which such Beneficial Shareholder's Common Shares are held, either:

¹ Macquarie Power & Infrastructure Income Fund was the predecessor of the Corporation. Pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) effective on January 1, 2011, Macquarie Power & Infrastructure Income Fund converted into Macquarie Power and Infrastructure Corporation. On April 15, 2011, the Corporation changed its name from Macquarie Power and Infrastructure Corporation to Capstone Infrastructure Corporation.

- (a) a voting instruction form which must be completed and returned by the Beneficial Shareholder in accordance with the directions printed on the form (in some cases, the completion of the voting instruction form by telephone, facsimile or over the Internet is permitted); or
- (b) a form of proxy which has already been signed or stamped with a facsimile signature of the CDS Participant and which is restricted as to the number of Common Shares beneficially owned by the Beneficial Shareholder. A Beneficial Shareholder who receives and wishes to submit such a form of proxy should properly complete the form of proxy and return it in accordance with the instructions therein provided.

Beneficial Shareholders who receive voting instruction forms, forms of proxy or other voting material from a CDS Participant (or its agent) should complete and return such material in accordance with the instructions accompanying the material in order to properly vote their Common Shares at the Meeting.

A Beneficial Shareholder receiving a voting instruction form or a form of proxy cannot use such form to vote Common Shares directly at the Meeting, as each type of form must be returned as directed in advance of the Meeting in order to have the Common Shares voted. Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of CDS, a Beneficial Shareholder may attend the Meeting as proxyholder for CDS and vote such Beneficial Shareholder's Common Shares in that capacity. A Beneficial Shareholder who wishes to attend the Meeting and vote such Beneficial Shareholder's Common Shares as proxyholder for CDS should enter the Beneficial Shareholder's own name in the appropriate space on the voting instruction form or the form of proxy and return the same in advance of the Meeting in accordance with the instructions therein provided.

APPOINTMENT OF PROXIES

The person named in the form of proxy or voting instruction form accompanying this Information Circular is a Director and will represent Shareholders who properly complete and return a form of proxy or voting information form and who do not appoint another proxyholder to represent them at the Meeting or at any adjournment thereof. A Shareholder may appoint another person (who need not be a Shareholder) to represent such Shareholder at the Meeting or at any adjournment thereof by inserting the name of the person to be appointed in the blank space provided in such form of proxy or voting instruction form or by completing another proper form of proxy. In either case, in order to be effective: (a) the completed form of proxy or other proper form of proxy must be received by Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, at any time up to 48 hours prior to the Meeting or any adjournment thereof (or otherwise in accordance with the instructions printed on the form of proxy), or (b) the completed voting instruction form must be returned in accordance with the instructions printed on the form.

REVOCATION OF PROXIES

Beneficial Shareholders should contact the CDS Participants through which such Beneficial Shareholders' Common Shares are held for information on how to revoke such persons' voting instructions.

In addition to revocation in any other manner permitted by law, a proxy given by a registered Shareholder may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or if the registered Shareholder is a corporation under its corporate seal or by a duly authorized officer or attorney of the corporation, and returned to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or with the Chairman of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof.

VOTING AND EXERCISE OF DISCRETION BY PROXIES

On any ballot that may be called for, the Common Shares represented by properly completed and delivered proxies given in favour of the person named in the accompanying form of proxy or voting instruction form will be voted for or withheld from voting as specified by the Shareholder.

If no choice is specified by a Shareholder with respect to the appointment of a proxyholder or to any matter to be acted upon at the Meeting, the Common Shares represented by such Shareholder's proxy or voting instruction form will be voted (i) FOR the election of the candidates for Directors named below and (ii) FOR the re-appointment of PricewaterhouseCoopers LLP as auditors of the Corporation and authorizing the Directors to fix such auditors' remuneration.

The accompanying form of proxy or voting instruction form confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the accompanying Notice of Annual Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As at the date of this Information Circular, the Directors are not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Annual Meeting or any other matters which are not now known to the Directors should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly completed and delivered proxies given in favour of the person named in the enclosed form of proxy or voting instruction form will be voted on such matters pursuant to such discretionary authority.

VOTING OF COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares and a limited number of preferred shares issuable in series. Each Common Share confers the right to one vote per share at any meeting of Shareholders. As at April 27, 2011, the Corporation had 58,619,053 Common Shares and no preferred shares outstanding. The only registered Shareholder is CDS. To the knowledge of the Corporation, as at April 27, 2011, no person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting rights attached to the outstanding Common Shares.

All Shareholders of record at 5:00 p.m. (Toronto time) on May 5, 2011, the record date established for determining Shareholders entitled to receive notice of and to vote at the Meeting or any adjournment thereof, will be entitled to vote at the Meeting either in person or by proxy.

As at April 27, 2011, 3,249,390 Class B exchangeable limited partnership units (the "Class B Exchangeable Units") of MPT LTC Holding LP, an indirect, wholly-owned subsidiary of the Corporation, were outstanding. The Class B Exchangeable Units have economic rights equivalent in all material respects to those of the Common Shares and, subject to certain conditions, are exchangeable on a one-for-one basis for Common Shares. Holders of the Class B Exchangeable Units are not entitled to vote at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The audited annual consolidated financial statements of the Fund as at and for the financial year ended December 31, 2010, together with the auditors' report thereon, are contained in the Corporation's 2010 Annual Report which was previously mailed to Shareholders that requested such materials and will be presented to Shareholders at the Meeting. A copy of the Corporation's 2010 Annual Report is available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Election of Directors

The articles of the Corporation provide that the Corporation shall have a minimum of three directors to be elected annually. The Board of Directors of the Corporation (the "Board") consists of the number of directors set by the Shareholders from time to time. Presently, the number of directors is set at five (5). The term of office of each Director currently in office expires at the close of the Meeting.

In accordance with the articles of the Corporation, the candidates named hereunder will be proposed at the Meeting for election as Directors of the Corporation. Each candidate has demonstrated the eligibility and willingness to serve as a Director. If, prior to the Meeting, any of the candidates becomes unable or unwilling to serve, the person named in the form of proxy or voting instruction form will have the right to use his discretion in voting for a properly qualified substitute. Each Director elected at the Meeting will serve as a member of the Board

until the close of the next annual meeting of Shareholders or until his or her successor is duly elected or appointed, unless he or she resigns or his or her office becomes vacant for any reason.

The candidates nominated for election as Directors have been nominated upon the unanimous recommendation of the Governance Committee of the Board. All of the individuals proposed for election as Directors are all currently Directors. In the opinion of the Governance Committee and the Board, each of the candidates proposed for election as Directors is well-qualified to direct the Corporation's activities for the ensuing year.

The following table provides the name and background information for each candidate for Director, including present principal occupation and principal occupations during the past five years, the date each such person was first elected as a Director and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such person (as furnished by the respective candidate) and the other public entities of which each currently serves as a director (or in a similar capacity):

<u>Name and Jurisdiction of Residence;</u>	<u>Principal Occupation and Employment</u>
<u>Date elected Director; Ownership of Common Shares</u>	
<p>Derek Brown ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada Director since March 15, 2004 Common Shares beneficially owned or over which control or direction is exercised: 65,351</p>	<p>Derek Brown is a corporate director and currently sits on the boards of SNP Split Corp. and Sixty Split Corp. Mr. Brown is also a member of the finance committee of the Canadian Opera Foundation. From 1996 to 2005, Mr. Brown was a Professor of Finance (adjunct) at the University of Toronto, prior to which he was a Vice President and Director of RBC Dominion Securities Inc. From 1997 to 2003, Mr. Brown was a Commissioner of the Ontario Securities Commission. Mr. Brown earned a Bachelor of Commerce degree and Bachelor of Laws degree from Dalhousie University as well as a Doctor of Laws. He is also a Chartered Business Valuator and was a Governor of the Canadian Institute of Chartered Business Valuators from 1998 to 2003. Mr. Brown was a director of DALSA Corporation from 2005 to 2010.</p>
<p>James Cowan..... Ontario, Canada Director since April 18, 2011 Common Shares beneficially owned or over which control or direction is exercised: NIL</p>	<p>James Cowan was appointed to the Board on April 18, 2011. Mr. Cowan is a managing director and president of the Canadian operations of Macquarie Infrastructure and Real Assets, a division of Macquarie Group Limited ("Macquarie"). Since joining Macquarie in 2000, Mr. Cowan has advised clients and Macquarie-managed funds on a number of U.S., Canadian and U.K. transactions, including investments in the transportation, water and wastewater, and energy sectors. Prior to joining Macquarie, Mr. Cowan worked for TD Securities and Hambros Bank in the areas of government and infrastructure finance. He also worked for a number of years in a leading insolvency and restructuring practice, where he managed various assets and operating companies. Mr. Cowan is a Chartered Accountant.</p>
<p>Patrick J. Lavelle ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada Director since April 15, 2004 Common Shares beneficially owned or over which control or direction is exercised: 3,493</p>	<p>Patrick J. Lavelle is the Chairman and Chief Executive Officer of Patrick J. Lavelle and Associates, a strategic management consulting firm which he established in 1991. Mr. Lavelle is also the Chairman and a director/trustee, as applicable, of each of the Ontario Financing Authority, Catalyst Capital Group Inc. and Retrocom Mid-Market Real Estate Investment Trust. Mr. Lavelle was the Chairman and Chief Executive Officer of Unique Broadband Systems Inc. (until 2002) and the Chairman of Specialty Foods Group Income Fund (until 2009). He previously held the position of Chairman of Export Development Canada from 1998 to 2001 and he served a three-year term as Chairman of the Board of the Business Development Bank of Canada commencing in</p>

1994.

François R. Roy ⁽¹⁾⁽²⁾⁽³⁾
Québec, Canada
Director since March 15, 2004
Common Shares beneficially owned or
over which control or direction is
exercised: NIL

François R. Roy is a director or trustee (as applicable) and a member of the audit committees of Fibrek Inc., Transcontinental Inc., the Caisse de dépôt et placement du Québec and Noranda Operating Trust. He was the Vice-Principal (Administration and Finance) of McGill University from June 2007 to June 2010 and, in that capacity, he was McGill's Chief Financial Officer and Chief Administrative Officer. Mr. Roy earned his Bachelor of Arts degree and Master of Business Administration degree from the University of Toronto. Mr. Roy was the Chief Financial Officer of Telemedia Corporation between 2000 and 2003.

V. James Sardo ⁽¹⁾⁽²⁾⁽³⁾
Ontario, Canada
Director since November 4, 2009
Common Shares beneficially owned or
over which control or direction is
exercised: 7,500

V. James Sardo is a corporate director with significant operational and corporate governance expertise. He is currently a director of New Flyer Industries Inc. (since 2005) and Consolidated Thompson Iron Mines Limited (since 2010). Mr. Sardo earned his Bachelor of Arts degree at the University of Western Ontario and his Master of Business Administration degree at McMaster University. Mr. Sardo was a director of Hydrogenics Corporation from 2003 to 2009, SonnenEnergy Corp from 2008 to 2009, Royal Group Technologies Limited from 2003 to 2006 (serving as its interim Chief Executive Officer from 2004 to 2005) and Northstar Healthcare Inc. from 2008 to 2010. Mr. Sardo was also a trustee of Countryside Power Income Fund and its Chairman (from 2004 to 2007), UE Waterheater Income Fund (from 2003 to 2007), and Custom Direct Income Fund (from 2003 to 2007). Prior to these appointments, Mr. Sardo was President of the Canadian Operations of Moore Corporation Limited, a business forms and communications company, from 1999 to 2001 and President and Chief Executive Officer of SMK Speedy International Inc., an international automotive repair company, from 1997 to 1999. Mr. Sardo was Chief Executive Officer of Amre Inc., a Dallas based marketer of home improvement products, from 1994 to 1995, and Chief Executive Officer of SNE Inc., a manufacturer and marketer of windows and doors, from 1991 to 1994. Previously, he was Chairman and Chief Executive Officer of Firestone Canada Inc. Mr. Sardo is a member of the Institute of Corporate Directors and holds the ICD.D designation.

Notes:

- (1) Member of the Audit Committee of the Board.
- (2) Member of the Governance Committee of the Board.
- (3) Member of the Compensation Committee of the Board.

To the knowledge of the Corporation, no Director, candidate for Director or executive officer of the Corporation (or a personal holding company of such person) (A) is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; (B) is or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director; (C) is or has been in the last 10 years, a director, trustee, chief executive officer or chief financial officer of any issuer that (i) was subject to a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the person was acting in the capacity as director, trustee, chief executive officer or chief financial officer or (ii) was subject to a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer; (D) is or has been in the last 10 years, a director or executive officer of any company that, while that person was acting in that capacity, or

within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (E) has in the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets, except for the following:

Mr. Roy ceased to be a director of Pixman Nomadic Media Inc. on November 27, 2009. Between November 5, 2009 and February 17, 2010, the Alberta Securities Commission, British Columbia Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers issued cease trade orders in respect of Pixman Nomadic Media Inc. in connection with its failure to file annual audited financial statements for the year ended June 30, 2009 and unaudited interim financial statements for the period ended September 30, 2009, as well as related continuous disclosure documents. On February 2, 2010, Pixman Nomadic Media Inc. filed a notice of intention to make a proposal to creditors under the *Bankruptcy and Insolvency Act* (Canada).

Mr. Roy ceased to be a director of Komunik Corporation on April 1, 2008. Komunik Corporation filed for protection under the *Companies' Creditors' Arrangement Act* (Canada) (the "CCAA") in the fall of 2008.

Between April 3, 2006 and May 3, 2006, Mr. Sardo, who was then a director of Royal Group Technologies Limited, was prohibited from trading in securities of Royal Group Technologies Limited pursuant to a management cease trade order issued by the Ontario Securities Commission in connection with the delay in filing of certain of Royal Group Technologies Limited's financial statements.

Mr. Lavelle was a director of Slater Steel Inc. when it filed for protection on June 2, 2003 under the CCAA in Canada and under Chapter 11 of the U.S. Bankruptcy Code. Mr. Lavelle was also a director of SR Telecom Inc., when it filed for protection under the CCAA on November 19, 2007, and Tahera Diamond Corporation, which filed for protection under the CCAA on January 16, 2008.

Number of Board and Committee Meetings held during 2010

<u>Board or Committee</u>	<u>Number of Meetings</u>
Board.....	23
Audit Committee.....	4
Governance Committee.....	4
Compensation Committee.....	— ⁽¹⁾
Total number of meetings held.....	<hr/> 31

Note:

(1) The Compensation Committee of the Board was established on March 4, 2011.

Summary of Attendance of Directors for Board and Committee Meetings held during 2010

<u>Director</u>	<u>Board Meetings Attended</u>	<u>Committee Meetings Attended</u>
Derek Brown.....	22 of 23	8 of 8
Patrick J. Lavelle	23 of 23	8 of 8
Stephen Mentzines ⁽¹⁾	16 of 23	– ⁽²⁾
François R. Roy	23 of 23	8 of 8
V. James Sardo	23 of 23	8 of 8

Notes:

- (1) Mr. Mentzines resigned from the Board on April 15, 2011 and Mr. James Cowan was appointed by the Board on April 18, 2011.
- (2) During 2010, Mr. Mentzines was not a member of any committees of the Board.

Appointment of Auditors

The Directors recommend that PricewaterhouseCoopers LLP, Chartered Accountants, be re-appointed at the Meeting as the Corporation's auditors to hold office until the close of the next annual meeting of Shareholders or until a successor is appointed and that the Directors be authorized to fix PricewaterhouseCoopers LLP's remuneration. PricewaterhouseCoopers LLP are the current auditors of the Corporation and were first appointed as the auditors of the Fund on March 15, 2004.

MANAGEMENT OF THE CORPORATION

The principal office of the Corporation is located at Brookfield Place, 181 Bay Street, Suite 3100, Toronto, Ontario, M5J 2T3. The registered office of the Corporation is located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3.

Internalization of Management

On March 14, 2011, the Corporation, Macquarie Power Corp. ("MPC"), Helios Solar Star A-1 Partnership ("ASP Partnership") and Cardinal Power of Canada, L.P. ("Cardinal LP") (collectively, the "Managed Parties") reached an agreement (the "Internalization Agreement") with Macquarie Power Management Ltd. (the "Manager") to internalize all management and administrative functions provided to the Corporation pursuant to the Administration Agreement, the Cardinal LP Management Agreement, the MPC Management Agreement and the ASP Management Agreement (each as defined below) between the Manager and the relevant Managed Party, in exchange for a payment by the Corporation to the Manager of \$14 million (plus tax) (the "Internalization Transaction"). The Corporation also agreed to be responsible for approximately \$2 million of expenses over and above its contractual obligations to the Manager. Macquarie Infrastructure and Real Assets Canada Ltd. ("MIRACL"), an affiliate of the Manager, also agreed to provide transitional services to the Corporation, including the provision of premises, information technology support and tax and accounting services, until December 15, 2011 at no cost to the Corporation. The Internalization Transaction was completed on April 15, 2011. As part of the Internalization Agreement, the Manager subscribed for 855,746 Common Shares, valued at approximately \$7 million, immediately following the completion of the Internalization Transaction and the Manager agreed that it or one of its affiliates will hold such Common Shares for at least 12 months following such date. Further information regarding the Internalization Transaction is contained in the material change report of the Corporation dated March 24, 2011, which is available on SEDAR.

Effective upon the termination of the Administration Agreement, the Cardinal LP Management Agreement, the MPC Management Agreement and the ASP Management Agreement on April 15, 2011, in connection with the Internalization Transaction, the senior management team of the Corporation, all of whom were employees of MIRACL, became employees of the Corporation and continued in their previous roles. Certain other employees of other affiliate of the Manager who provided services to the Corporation also became employees of the Corporation as part of the Internalization Transaction.

Administration Agreement and Management Agreements

Prior to the completion of the Internalization Transaction, the Manager and the Corporation were parties to an administration agreement dated as of April 30, 2004, amended as of October 18, 2005, and amended and restated as of January 1, 2011 (the "Administration Agreement"), pursuant to which the Manager was appointed as administrator of the Corporation. Under the Administration Agreement, the Manager provided or arranged for administrative services to be provided to the Corporation including legal, investor relations and financial accounting and administration services, and the Manager assisted in and supervised the analysis of potential acquisitions and dispositions and carried out or supervised the making of acquisitions, dispositions or investments, as agreed by the Manager and subject to the control and direction of the Directors. In connection with the Administration Agreement, the Manager supplied the services of persons to serve as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of the Corporation. These individuals provided services on an "as needed basis" and these offices were not full time positions.

Prior to the completion of the Internalization Transaction, the Manager also provided or arranged for certain management services to be provided to each of: (a) Cardinal LP under the management agreement between the Corporation (as successor to each of the Fund and Macquarie Power & Infrastructure Income Trust ("MPIIT")), Cardinal LP and the Manager dated as of April 30, 2004 and amended and restated as of January 1, 2011 (the "Cardinal LP Management Agreement"), pursuant to which the Manager provided or arranged for certain management services to be provided to Cardinal LP and in respect of Cardinal LP's combined cogeneration facility; (b) MPC under the management agreement between the Corporation (as successor to the Fund), MPC (as successor to Clean Power Operating Trust) and the Manager dated as of June 26, 2007 and amended and restated as of January 1, 2011 (the "MPC Management Agreement"), pursuant to which the Manager provided or arranged for certain management services to be provided to MPC and in respect of MPC's hydro, wind and biomass power generation businesses; and (c) ASP Partnership under the management agreement between the Corporation (as successor the Fund), ASP Partnership (previously named Helios Solar Star A-1, L.P., prior to amending its partnership agreement as at January 1, 2011 such that it became a general partnership) and the Manager dated as of June 23, 2010 and amended and restated as of January 1, 2011 (the "ASP Management Agreement"), pursuant to which the Manager provided or arranged for certain management services to be provided in respect of the development and operation of ASP Partnership's solar power generation facility. The Manager previously provided or arranged for certain management services to be provided to MPT LTC Holding LP ("LTC Holding LP"), under a management agreement among the Fund, MPIIT, LTC Holding LP and the Manager dated as of October 18, 2005 (the "LTC Holding LP Management Agreement" together with the Cardinal LP Management Agreement, the MPC Management Agreement and the ASP Management Agreement, the "Management Agreements"), pursuant to which the Manager provided or arranged for certain management services to be provided to LTC Holding LP and in respect of LTC Holding LP's approximately 45% indirect ownership interest in the long-term care, retirement home and related businesses operated by Leisureworld Senior Care LP, which agreement was terminated effective March 31, 2010 following the indirect sale by LTC Holding LP of its interest in the Leisureworld senior care business in March 2010.

The services provided for or arranged by the Manager under the Management Agreements included overseeing operations, human resources, legal and financial accounting and administration services, and the Manager assisted in and supervised the analysis of potential acquisitions and dispositions and carried out or supervised the making of acquisitions, dispositions or investments, as agreed by the Manager and subject to the control and direction of the applicable board of directors. In connection with the Management Agreements, the Manager supplied the services of persons to serve as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of each of Cardinal Power Inc. (the general partner of Cardinal LP), MPC, Helios Solar Star A-1 Ltd. (the managing general partner of ASP Partnership) and MPT LTC Holding Ltd. (the general partner of LTC Holding LP). These individuals provided services on an "as needed basis" and these offices were not full-time positions.

The Administration Agreement, the Cardinal LP Management Agreement, the MPC Management Agreement and the ASP Management Agreement were terminated effective April 15, 2011 in connection with the Internalization Transaction.

For the year ended December 31, 2010, the Manager earned aggregate administration and management fees of approximately \$1.7 million, comprised of \$111,600, \$641,400, \$683,900, \$157,800, and \$121,400, under the

Administration Agreement, the Cardinal LP Management Agreement, the MPC Management Agreement, the ASP Management Agreement and the LTC Holding LP Management Agreement, respectively. The Manager did not earn an incentive fee in 2010 but was reimbursed an aggregate of \$4,112,075 in costs incurred during the same period pursuant to the Administration Agreement and the Management Agreements. The Corporation did not reimburse the Manager for compensation paid or payable by the Manager to the persons supplied by the Manager to serve as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of each of the Corporation, Cardinal Power Inc., MPC, Helios Solar Star A-1 Ltd and MPT LTC Holding Ltd. All cost recovery was on an “as incurred” basis without any margin or profit component.

The Manager

The Manager’s principal and registered office is at Brookfield Place, 181 Bay Street, Suite 3100, Toronto, Ontario, M5J 2T3.

Throughout 2010 and until the completion of the Internalization Transaction on April 15, 2011, the following individuals were the directors and executive officers of the Manager:

<u>Name and Jurisdiction of Residence</u>	<u>Office with the Manager</u>	<u>Principal Occupation</u>
Michael Bernstein Ontario, Canada	Director, President and Chief Executive Officer	Senior Managing Director and the President of Macquarie Infrastructure and Real Assets Canada Ltd.
Stephen Mentzines New York, USA	Director	Senior Managing Director and head of the Macquarie group’s Macquarie Infrastructure and Real Assets division in North America
Stuart M. Miller Ontario, Canada	Vice President and General Counsel	Managing Director and General Counsel of Macquarie Infrastructure and Real Assets Canada Ltd.
Michael Smerdon Ontario, Canada	Director, Vice President, Chief Financial Officer and Corporate Secretary	Managing Director of Macquarie Infrastructure and Real Assets Canada Ltd.

Neither the Manager nor any above named director or executive officer of the Manager, nor any of their respective affiliates or associates, is, or has at any time since January 1, 2010, been indebted to the Corporation or its subsidiaries or been engaged in any significant transaction or arrangement with the Corporation except as described herein. See “Management of the Corporation – Internalization of Management.”

REMUNERATION OF MANAGEMENT AND OTHERS

Compensation Discussion and Analysis

The compensation of the Manager in 2010 was calculated in accordance with the Administration Agreement and the Management Agreements and was not subject to the general discretion of the Directors, although any expense reimbursement for services of affiliates of the Manager were subject to the approval of the Directors independent of the Manager. In 2010, no compensation was paid by the Corporation to any officers of the Corporation or its subsidiaries or any officers of the Manager and the compensation that such officers received from the Manager and its affiliates was not within or subject to the discretion of the Directors. Accordingly, the Governance Committee of the Board (which dealt with compensation matters prior to the establishment of the Compensation Committee on March 4, 2011) did not have a mandate to review any compensation other than Director compensation.

Compensation of Executive Officers in 2010

In connection with the services provided to the Corporation by the Manager under the Administration Agreement, the Manager supplied the services of persons to serve as the President and Chief Executive Officer and

the Executive Vice President, Chief Financial Officer and Secretary of the Corporation. Prior to the completion of the Internalization Transaction on April 15, 2011, none of the executive officers of the Corporation listed below were employed by the Corporation or any of its subsidiaries and neither the Corporation nor any of its subsidiaries provided any remuneration to the executive officers of the Corporation (or any other officers of the Manager) or any of their respective associates. The individuals who were appointed to serve as the executive officers of the Corporation throughout 2010 were recommended by the Manager and were appointed to serve as the executive officers of the Corporation by the Directors. Such executive officers served in such capacity on an “as needed basis”.

The persons serving as the executive officers of the Corporation in 2010 were employed by MIRACL, an indirect subsidiary of Macquarie Group Limited and the parent company of the Manager. Such persons acted in a variety of capacities on behalf of MIRACL and other funds with infrastructure investments in North America that are managed by MIRACL and its affiliates. Since the executive officers of the Corporation had additional roles and responsibilities as employees of MIRACL other than the services they provided to the Corporation on behalf of the Manager during 2010, the compensation that such individuals receive from MIRACL was not solely related to the services provided by these individuals in managing the Corporation.

The information in the following table was prepared by the Manager solely for the purpose of inclusion in this Information Circular. **The following table reflects the Manager’s estimate of the portion of the total compensation paid by MIRACL to the persons serving as the executive officers of the Corporation and its subsidiaries for the fiscal years ended December 31, 2008, 2009 and 2010 that can be attributed to the services they provided to the Corporation and its subsidiaries on behalf of the Manager during such periods.**

<u>Name</u>	<u>Office with the Corporation</u>	<u>Year</u>	<u>Portion of Total Compensation Attributable to Services Provided to the Corporation (\$)⁽⁴⁾</u>
Michael Bernstein ⁽¹⁾	President and Chief Executive Officer	2010	\$539,200
		2009	183,750
		2008	–
Michael Smerdon ⁽²⁾	Executive Vice President and Chief Financial Officer	2010	\$417,600
		2009	103,125
		2008	–
Stuart M. Miller ⁽³⁾	Executive Vice President, General Counsel and Corporate Secretary	2010	\$308,700
		2009	247,500
		2008	305,581

Notes:

- (1) Mr. Bernstein was appointed President and Chief Executive Officer of the Fund effective July 6, 2009, after serving as its President and Chief Executive Officer on an interim basis since April 15, 2009. In connection with the conversion of the Fund into the Corporation, effective January 1, 2011, Mr. Bernstein was appointed the President and Chief Executive Officer of the Corporation.
- (2) Mr. Smerdon was appointed Vice President, Chief Financial Officer and Secretary of the Fund effective August 14, 2009. In connection with the conversion of the Fund into the Corporation, effective January 1, 2011, Mr. Smerdon was appointed the Executive Vice President, Chief Financial Officer and Corporate Secretary of the Corporation. On March 10, 2011, Mr. Smerdon ceased to be the Corporate Secretary of the Corporation.
- (3) Prior to January 1, 2011, Mr. Miller was the Vice President and General Counsel of the Fund. In connection with the conversion of the Fund into the Corporation, effective January 1, 2011, Mr. Miller was appointed the Executive Vice President and General Counsel of the Corporation. On March 10, 2011, Mr. Miller was also appointed as the Corporate Secretary of the Corporation.
- (4) This amount is intended to reflect the portion of the total compensation paid by MIRACL to the listed executive officers, including salary, bonus and all other compensation including perquisites and other personal benefits that can be attributed to such persons in respect of the services each provided to the Corporation and its subsidiaries on behalf of the Manager during the periods noted. Such allocation was determined by the Manager solely for the purposes of this table, based on the role, responsibility and time spent by the respective officers to fulfil the requirements of their office.

The Corporation did not have an option plan or any other similar form of share based or long-term incentive compensation plan or arrangement during 2010. The Corporation does not have any defined benefit or actuarial plan pursuant to which retirement or similar benefits are paid to executive officers of the Corporation (or any other officers of the Manager) or any of their respective associates.

Compensation of Executive Officers after Completion of the Internalization Transaction

Compensation Committee

The Board established a compensation committee (the “Compensation Committee”) on March 4, 2011 in anticipation of the completion of the Internalization Transaction. The members of the Compensation Committee are Messrs. Sardo (Chairman), Brown, Lavelle and Roy, each of whom is “independent” (an “Independent Director”) in accordance with the applicable provisions of Canadian Securities Administrators’ National Instrument 52-110 — *Audit Committees* (“NI 52-110”).

The primary purposes of the Compensation Committee are to: (i) review and make recommendations with respect to all forms of remuneration to be paid to the Directors; (ii) review and make recommendations with respect to all forms of compensation to be granted to the President and Chief Executive Officer of the Corporation, including the President and Chief Executive Officer’s initial compensation, and (iii) review the President and Chief Executive Officer’s recommendations respecting the compensation, including the initial compensation, of the other senior executives of the Corporation. The duties and responsibilities of the Compensation Committee for determining such compensation are set out under the heading “Statement of Corporate Governance Practices – Compensation Committee”.

Independent Advice

The Compensation Committee, directly and independently of management, engaged Mercer Human Resource Consulting (“Mercer”) to collect market data for initial compensation matters for the executive officers of the Corporation after completion of the Internalization Transaction. This data was considered by the Compensation Committee in its assessment of the President and Chief Executive Officer’s recommendations for the initial compensation of the executive officers as well as for the President and Chief Executive Officer’s compensation, and to make compensation recommendations to the Board. The benchmark data acts only as a guide and point of reference but does not substitute for the judgment of the Compensation Committee.

In the future, Mercer or another compensation consultant may provide some or all of the following services to the Compensation Committee:

- Assist the Compensation Committee to review and validate the Corporation’s compensation philosophy, including the selection of comparator groups;
- Assess desired competitive positioning and pay mix;
- Assist the Compensation Committee by ensuring the Compensation Committee members understand and are comfortable with executive remuneration;
- Ensure the Compensation Committee fully understands the current and any proposed compensation program and is comfortable with the potential range of pay outcomes;
- Assist the Compensation Committee with governance and content issues concerning disclosure; and
- Provide annually an overview of emerging trends and best practices and then undertake any other special projects on behalf of the Compensation Committee.

Mercer reports directly to the Compensation Committee, without management present and acts solely in an advisory capacity. The Compensation Committee considers the advice of Mercer but relies on its own judgment and exercises its own discretion in making decisions on executive compensation matters.

The Compensation Committee will review the scope of activities of Mercer (or such other compensation consultant) each year and, if it deems appropriate, approve the corresponding budget. Any services and fees not related to executive compensation must be pre-approved by the Chairman of the Compensation Committee. As Mercer was engaged by the Compensation Committee after January 1, 2011, no executive compensation advisor fees were paid to Mercer in 2010.

Compensation Objectives

Following the completion of the Internalization Transaction on April 15, 2011, the individuals who previously served as executive officers of the Corporation became employees of the Corporation and continued to serve the Corporation in their existing roles. In accordance with new employment contracts entered into in conjunction with the Internalization Transaction, compensation of such executive officers will be comprised of a fixed salary, in addition to both short-term and long-term incentive compensation.

Compensation will play an important role in achieving short and long-term business objectives that ultimately drives business success in alignment with long-term Shareholder goals. The objectives of the Corporation's compensation program are to:

- attract and retain highly qualified employees with a history of proven success;
- align the interests of the employees with Shareholders' interests and with the execution of the Corporation's business strategy;
- establish performance goals that, if met by management, are expected to improve long-term Shareholder value; and
- tie compensation to those goals and provide meaningful rewards for achieving them.

The Corporation's compensation program is designed to provide adequate rewards for services and incentives for the senior management team to implement both short-term and long-term strategies aimed at increasing Shareholder value, and aligning the interests of senior management with those of the Shareholders. Financial performance targets are set each year to incentivize improvements to that year's projected financial results and are therefore aligned with Shareholder interests.

The Corporation's compensation program has been established in order to compete with remuneration practices of companies similar to the Corporation and those which represent potential competition for the Corporation's executive officers and other employees. In this respect, the Corporation identifies remuneration practices and remuneration levels of public and private companies that are likely to compete for its employees. In designing the Corporation's compensation program, the Compensation Committee focuses on remaining competitive in the market with respect to total compensation for each senior executive of the Corporation. However, the Compensation Committee does review each element of compensation for market competitiveness and it may weigh a particular element more heavily based on the senior executive's role within the Corporation.

Employment Agreements

Each of Michael Bernstein (President and Chief Executive Officer), Michael Smerdon (Executive Vice President and Chief Financial Officer), and Stuart Miller (Executive Vice President, General Counsel and Corporate Secretary) (together, the "Executive Officers") were employees of MIRACL, an affiliate of the Manager which managed the Corporation's business under the Administration Agreement and the Management Agreements, prior to the completion of the Internalization Transaction on April 15, 2011. In connection with the Internalization Transaction, the Corporation hired each of these individuals and entered into employment agreements with each of the Executive Officers (the "Employment Agreements"). To assist in the structuring and negotiation of the employment agreements, the Compensation Committee engaged Mercer and Blake, Cassels & Graydon LLP to review and advise on the terms of the Employment Agreements, as described further under "Remuneration of Management and Others – Compensation of Executive Officers after Completion of the Internalization Transaction – Independent Advice".

The Board has adopted Stock Ownership Guidelines under which the President and the Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Executive Vice President, General Counsel and Corporate Secretary are required to own Common Shares with a value equal to two times, one and a half times and one times, respectively, each such individual's base salary.

Termination for Cause

Under the Employment Agreements, the Corporation may terminate the employment of any Executive Officer at any time for just cause by written notice to the Executive Officer, which termination is effective on the

date such notice is delivered. If the Corporation terminates the employment of an Executive Officer for cause, the Corporation is not obligated to make any further payments under the respective Employment Agreement except for certain amounts due and owing to the Executive Officer for salary, signing bonus, short-term incentive compensation, long-term incentive compensation, benefits, certain perquisites, vacation and expenses incidental to employment that have been earned or properly incurred and are owing at the time of the termination. In the event of termination with cause, all unvested long-term incentive compensation grants would be cancelled.

Termination without Cause

Under the Employment Agreements, the Corporation may terminate an Executive Officer's employment at any time without cause by providing the Executive Officer with a notice in writing and certain compensation in lieu of notice. The compensation that must be provided includes (a) all outstanding salary, short-term incentive compensation, long-term incentive compensation, certain perquisites, vacation and expenses incidental to employment that have been earned and are owing and shall reimburse the Executive Officer for all proper expenses incurred in connection with the Corporation's business ("Accrued Compensation"); (b) a retiring allowance (the "Retiring Allowance") equal to twelve (12) months of Total Compensation (as defined below) plus one additional month of Total Compensation for each year of completed year of service (including years of service with MIRACL) to a maximum of eighteen (18) months (the "Severance Period"). "Total Compensation" includes payment in lieu of base salary plus payment in lieu of the short-term incentive compensation based on the average of the value of such short-term incentive compensation payments to the Executive Officer by the Corporation in the two (2) year period prior to any termination without cause; and (c) the Corporation must continue the Executive Officer's benefits coverage for the Severance Period or the Corporation shall pay the Executive an amount equal to the premium cost or contributions the Corporation would otherwise have made. In the event of termination without cause, certain long-term incentive compensation granted in 2011 will vest immediately, while the remaining long-term incentive compensation grants, if any, will vest pro-rata to the date on which notice of termination without cause was delivered to the Executive.

Change of Control

If the Executive Officer's employment is terminated by the Corporation without cause or the Executive Officer terminates his or her employment for Good Reason (as defined below), in either case in the six (6) month period prior to the public announcement of a Change of Control (as defined below) (applicable only if the Corporation has knowledge of the potential Change of Control) or in the twelve (12) month period following a Change of Control, the Executive Officer will be entitled to receive an amount equal to all Accrued Compensation and 1.5 times the amount of the Retiring Allowance (subject to a maximum payment of twenty-four (24) months of Total Compensation) and the Executive Officer's entitlement to benefit coverage or pay in lieu of benefits will be increased by a corresponding period of months. On a Change of Control, all unvested long-term incentive compensation grants, if any, will vest immediately.

For the purposes of the Employment Agreements, "Good Reason" means any event that would constitute constructive dismissal under Canadian law, including, among other things, (a) a change to duties or status of the employee, (b) a reduction in the salary or material changes to incentive compensation plans, (c) the cessation of benefit plans or perquisites or (d) requiring the employee to relocate. For the purposes of the Employment Agreements, a "Change of Control" means (a) the acquisition of control in law (whether by sale, transfer, merger, consolidation or otherwise) of the Corporation by a third party (that is, the acquisition of control over 50.1% of the issued and outstanding voting shares of the Corporation), or (b) the sale, transfer or other disposition of all or substantially all of the assets of the Corporation to a third party.

Confidentiality and Non-Solicitation Obligations

Under the Employment Agreements, each of the Executive Officers agrees to not use for the Executive Officer's own account or disclose to anyone else, any confidential or proprietary information or material relating to the Corporation's operations or business which the Executive Officer obtains from the Corporation or its officers or employees, agents, suppliers or customers or otherwise by virtue of the Executive Officer's employment by the Corporation or by the Corporation's predecessors.

In addition, each Executive Officer agrees, for a twelve month period following the end of the Executive Officer's period of active employment, not to, among other things, solicit business from any customer or client of the Corporation with whom the Executive Officer dealt during his employment with the Corporation for the benefit of any business which competes with the Corporation or any of its subsidiaries, or induce or entice away any officer, employee, or agent of the Corporation or its subsidiaries to discontinue or alter their relationships with the Corporation or its subsidiaries.

Compensation of Directors

The Compensation Committee is responsible for reviewing and making recommendations with respect to all forms of remuneration paid to the Directors. The Board determines the compensation of the Directors based on the recommendation of the Compensation Committee. The policies of the Compensation Committee for determining such compensation are set out under the heading "Statement of Corporate Governance Practices – Compensation Committee".

In November 2010, the Governance Committee (which was responsible for Director remuneration matters prior to the establishment of the Compensation Committee on March 4, 2011) engaged Towers Watson to review and provide advice in connection with Director remuneration. Following the consideration of the report provided by Towers Watson, the Governance Committee recommended that the Board approve an increase in the retainer paid to the Chairman of the Board and that the Board approve a deferred share unit plan (the "DSU Plan"), both of which recommendations were approved by the Board with effect from January 1, 2011.

Each Director who is not a member of management of the Corporation ("Non-Management Director") is entitled to an annual retainer equal to \$35,000 per year and \$1,500 per board or committee meeting attended in person or by teleconference, with the exception that any Director that is an employee of the Manager or one of its affiliates will not be entitled to any remuneration for any period prior to 12 months following the completion of the Internalization Transaction. The Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Governance Committee and the Chairman of the Compensation Committee are each entitled to additional retainers equal to \$35,000, \$15,000, \$10,000 and \$10,000 per year, respectively. The Directors are also reimbursed for expenses incurred in attending board and committee meetings. During 2010, the Corporation paid the Directors a total of \$580,500 on account of retainer and meeting attendance fees and \$26,064 on account of reimbursement for out-of-pocket expenses incurred in connection with their attendance at meetings.

Pursuant to the DSU Plan, Non-Management Directors of the Corporation will receive an annual equity retainer equal to \$15,000 in the form of deferred share units ("DSUs"). Each eligible Director (other than a Director that is an employee of the Manager or one of its affiliates during the 12 months following the Internalization Transaction) will receive a grant of DSUs equal to \$3,750 on the first day of each fiscal quarter of the Corporation (calculated in the manner discussed below). The first grant of DSUs to eligible Directors was effective as of January 1, 2011.

Directors are also entitled to elect to receive DSUs in full or partial satisfaction of their annual retainer, board or committee chair retainer and/or meeting fees. The number of DSUs to be granted is determined by dividing the amount of the retainer or other amount payable by the average closing price for a Common Share on the Toronto Stock Exchange (the "TSX") on the five (5) trading days immediately prior to the date of the grant (the value of a DSU). Each Director is required to hold any DSUs received, at a minimum, until the date the Director ceases to be a Director, following which each DSU will be redeemed for cash during a prescribed period at the value of a Common Share prevailing at the date of redemption. No Common Shares will be issuable pursuant to the DSU Plan and a Director who receives DSUs will receive additional DSUs in respect of dividends payable on Common Shares, based on the value of a DSU at that time. The Corporation may amend the DSU Plan as it deems necessary or appropriate, but no such amendment may adversely affect the rights of an eligible Director with respect to DSUs granted prior to the date of amendment or adversely affect the rights of an eligible Director with respect to any amount of DSUs to which the eligible Director is then entitled under the DSU Plan, without the consent of the eligible Director unless required by applicable law. Upon the establishment of the Compensation Committee, that committee assumed responsibility for administering the DSU plan. In the view of the Compensation Committee and the Board, the DSU Plan further aligns the interests of Directors with those of Shareholders.

The following table outlines all amounts of compensation provided to the Directors for the Corporation's fiscal year ended December 31, 2010.

<u>Name</u>	<u>Board Retainer</u> <u>(\$)</u>	<u>Board Meeting Fees</u> <u>(\$)</u>	<u>Board/Committee Chairperson Retainer</u> <u>(\$)</u>	<u>Committee Meeting Fees</u> <u>(\$)</u>	<u>All other compensation</u> <u>(\$)⁽⁴⁾</u>	<u>Total</u> ⁽¹⁾ <u>(\$)</u>
Derek Brown	35,000	33,000	15,000	12,000	52,500	147,500 ⁽²⁾
Patrick J. Lavelle	35,000	34,500	5,000	12,000	62,500	149,000
Stephen Mentzines ⁽³⁾	–	–	–	–	–	–
François R. Roy	35,000	34,500	10,000	12,000	52,500	144,000
V. James Sardo	35,000	34,500	–	12,000	52,500	134,000

Notes:

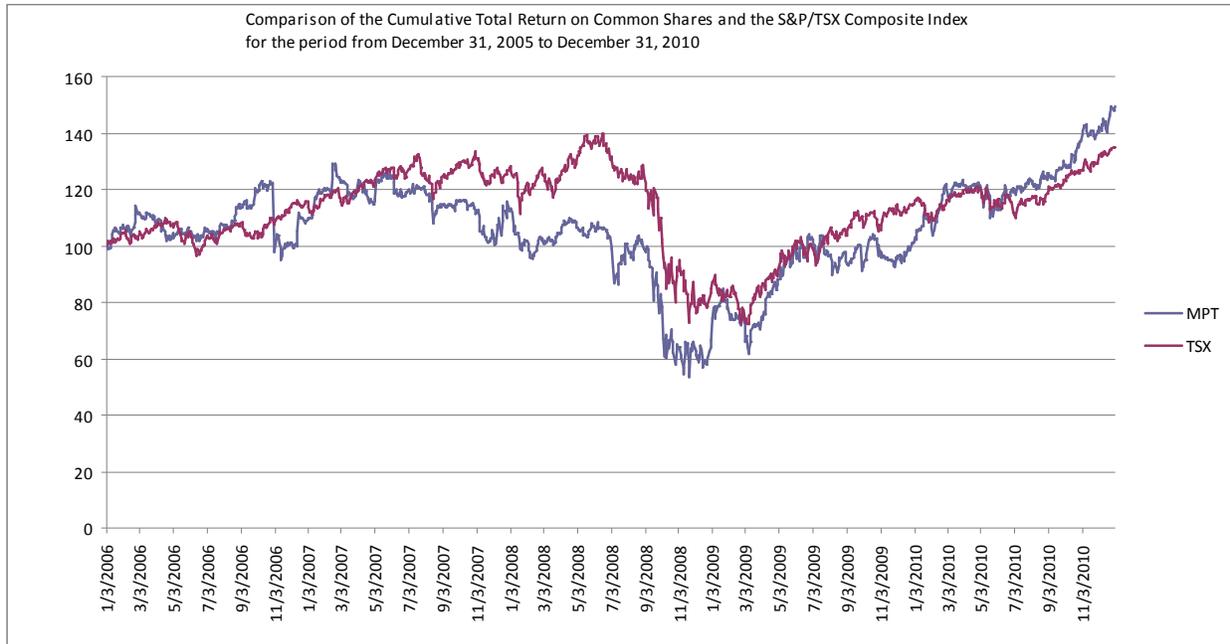
- (1) Table does not include any amounts paid as reimbursement for expenses. The Directors may elect to receive all or part of their annual retainer and meeting attendance fees in Common Shares, which are purchased through the facilities of the TSX on their behalf.
- (2) Of the total disclosed, Derek Brown elected to receive all payments net of statutory deductions in the form of Common Shares purchased through the facilities of the TSX in accordance with the Board's policy of permitting the Directors to elect to receive all or a portion of their retainer and meeting attendance fees in the form of Common Shares.
- (3) Mr. Mentzines resigned as a Director on April 15, 2011. Mr. Mentzines was not entitled to receive an annual retainer or any meeting attendance fees from the Corporation in 2010. Mr. Mentzines is employed by Macquarie Holdings (U.S.A.) Inc. ("MUSA"), an affiliate of the Manager, and acts in a variety of capacities on behalf of MUSA, its affiliates and other funds with infrastructure investments in Canada and the United States that are managed by MUSA and its affiliates. Because Mr. Mentzines has additional roles and responsibilities as an employee of MUSA other than the services he provides to the Corporation on behalf of the Manager, the compensation that he receives from MUSA is not solely related to the services he provides in his role as a Director. The Manager estimates that the portion of the total compensation paid by MUSA to Mr. Mentzines to serve as a Director and that can be attributed to the services that he provided to the Corporation and its subsidiaries on behalf of the Manager in 2010 is equal to \$59,000. Such allocation was determined by the Manager solely for the purposes of this Information Circular, based on the role, responsibility and time spent by Mr. Mentzines to fulfil the requirements of his office.
- (4) Represents retainer of \$15,000 per member, an additional retainer in the amount of \$10,000 paid to Mr. Lavelle as Chairman and fees of \$1,500 per meeting paid in 2010 in respect of the Special Committee established by the Board in connection with the Corporation's conversion from an income trust to a corporation that was completed on January 1, 2011 and the Internalization Transaction. (See "Statement of Corporate Governance Practices – Board Committees".)

The Board has adopted a voluntary Common Share ownership policy under which each Non-Management Director will endeavour to own Common Shares with a value at least equal to such Director's annual retainer.

Performance Graph

The Common Shares have been listed and posted for trading on the TSX since January 10, 2011. Prior to such date, trust units ("Units") of the Fund, the predecessor of the Corporation, were listed and posted for trading on the TSX. On January 1, 2011, pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia), all of the outstanding Units were exchanged for Common Shares on the basis of one Common Share for each Unit.

The following graph compares the cumulative total return on a \$100 investment in Units with the cumulative total return on a \$100 investment in the S&P/TSX Composite Total Return Index during the period of December 31, 2005 to December 31, 2010. It is assumed that distributions are reinvested for the purpose of the calculation of the cumulative return on the Units. The Units' performance as set out in this section does not necessarily indicate future price performance of the Common Shares.



The compensation of the Manager in 2010 was calculated in accordance with the Administration Agreement and the Management Agreements and was not subject to the general discretion of the Directors. Compensation paid by MIRACL to the persons serving as the executive officers of the Corporation and its subsidiaries that can be attributed to the services they provide to the Corporation and its subsidiaries on behalf of the Manager in 2010 was not within or subject to the discretion of the Directors. Accordingly, compensation to such executive officers is not based upon and may not be comparable to the total return of the Common Shares or Units relative to any particular index.

INDEBTEDNESS OF DIRECTORS AND OTHERS

No Director or executive officer of the Corporation, nor any current or former executive officer, employee, Director or candidate for election as a Director of the Corporation or any of its subsidiaries, nor any of any such person's respective associates is indebted to the Corporation or its subsidiaries or has indebtedness that is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS

Other than the Internalization Transaction described under the heading "Management of the Corporation-Internalization of Management", to the best of the knowledge of the Corporation, other than as disclosed in this Information Circular, none of the executive officers of the Corporation, any informed person (as such term is defined under the Canadian Securities Administrators' National Instrument 51-102 — *Continuous Disclosure Obligations*) of the Corporation, any Director or candidate for election as a Director, or any associate or affiliate of any such persons, had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction with the Corporation since the commencement of 2010 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation is subject to the rules and policies of the Canadian Securities Administrators regarding audit committees and the certification of certain annual and interim filings. In addition, the Corporation is subject to the Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and guided by the Canadian Securities Administrators' National Policy 58-201 – *Corporate Governance Guidelines* (collectively, the "Governance Rules").

The following outlines the various procedures, policies and practices that the Corporation and the Board have implemented to address the requirements and guidelines of the Governance Rules and, where appropriate, to reflect best practices.

Corporate Governance Guidelines

To enhance the Corporation's commitment to maintaining a high standard of corporate governance, the Board has adopted a comprehensive set of corporate governance guidelines (the "Guidelines"). The Guidelines assist the Board with respect to meeting its corporate governance responsibilities. Among other things, the Guidelines address the following matters:

- **Board Organization and Membership** – including the requirement for a majority of the Directors to be Independent Directors.
- **Board Committees** – including the requirement that each of the Board's Audit Committee, Governance Committee and Compensation Committee be composed entirely of Independent Directors.
- **Board's Relationship with Management** – including the requirement for the Board to support and encourage the members of the Corporation's management in the performance of their duties and the requirement for the Governance Committee to review and assess the Board's relationship with the Corporation's management.
- **Director Responsibilities and Performance** – including the requirement to assess the overall performance and effectiveness of the Board, each committee thereof, the Chairman of the Board, the Chairman of each of the Board's committees and each Director on an annual basis.
- **Ethics and Conflicts of Interest** – including the requirement that any waiver of the Corporation's Code of Ethics (as defined below) with respect to any director or executive officer of the Capstone Infrastructure Group be granted by the Governance Committee. As used herein, "Capstone Infrastructure Group" means, collectively, the Corporation and each subsidiary of the Corporation.

Code of Business Conduct and Ethics

To encourage and promote a culture of ethical business conduct, the Board has adopted a written Code of Business Conduct and Ethics (the "Code of Ethics"). The Code of Ethics is applicable to all directors, officers, employees, contractors and agents of the Capstone Infrastructure Group (collectively referred to in the Code of Ethics as "Employees"). The Code of Ethics generally outlines standards of conduct that must be met in the carrying out of an Employee's duties with the Corporation, including: (i) guidelines on the acceptance or offering of gifts, entertainment or other advantages in the conduct of business; (ii) guidelines relating to dealings with public officials; and (iii) prohibitions on the inappropriate gathering of competitive information. The Code of Ethics also provides detailed guidelines with respect to the identification and declaration of conflicts of interest, the protection of confidential information and the appropriate use of computer and communications systems.

To ensure that Directors exercise independent judgment in considering transactions and agreements in respect of which Employees may have a material interest, the Code of Ethics requires such Employees to avoid all situations in which their personal interests conflict or might conflict with their duties to the Capstone Infrastructure Group by avoiding acquiring any interests or participating in any activities that could:

- deprive the Capstone Infrastructure Group of the time or attention required to perform their duties properly;
or
- create an obligation or distraction which would affect their judgment or ability to act solely in the best interests of the Capstone Infrastructure Group.

In addition, directors and officers of the Capstone Infrastructure Group are required to follow the procedures contained in the Guidelines and the Code of Ethics in respect of material contracts or transactions to which they are a party or in which they have a material interest, including the requirement to: (i) disclose in writing

all business, commercial or financial interests or activities that might reasonably be regarded as creating an actual or potential conflict of interest; and (ii) for the individuals in question to abstain from voting on such matters, as applicable.

The Board has delegated its responsibility for monitoring compliance with the Code of Ethics to the Governance Committee which, among other things, reviews the Code of Ethics annually, is responsible for granting any waivers from the Code of Ethics and which oversees management's implementation and monitoring of the Code of Ethics. Each year, each Employee is required to provide a written acknowledgement of his or her compliance with the Code of Ethics. To date, no waivers of the Code of Ethics have been granted. A copy of the Code of Ethics is available on SEDAR at www.sedar.com.

Board of Directors

The Board is composed of five Directors. The Board has concluded that each of the candidates nominated for election as Directors are Independent Directors. Specifically, each of Messrs. Brown (Chairman of the Board), Cowan, Lavelle, Roy and Sardo meet the definitions of independence under applicable securities legislation and are considered by the Board to be Independent Directors.

Certain Directors are also directors of (or serve in similar capacities on behalf of) other public entities in Canada and in other jurisdictions. Please see "Matters to be acted upon at the Meeting – Election of Directors" for (i) the names of those Directors who serve as directors of (or serve in similar capacities on behalf of) other public entities and (ii) the names of those other public entities. The biography of each Director set forth under such heading also outlines such Director's relevant experience and expertise. No Director sits on the board of a public entity (other than the Corporation) on which another Director also sits. For information regarding the compensation of Directors, please see "Remuneration of Management and Others – Compensation of Directors".

Board and Committee Meetings

The Board meets at least once each quarter, with additional meetings as the Board deems advisable, to review the business operations and financial results of the Corporation. Meetings of the Board include regular meetings with management of the Corporation to review and discuss specific aspects of the operations of the Corporation. Mr. Brown is the Chairman of the Board and is an Independent Director. The Independent Directors hold in-camera sessions with only the Independent Directors present at each quarterly meeting of the Board and periodically during the year at other meetings.

Mandate of the Board

The Board has a written mandate (the "Mandate of the Board") which specifies the Board's ongoing responsibility for stewardship of the Corporation. The Board annually assesses the Mandate of the Board. A copy of the Mandate of the Board is attached to this Information Circular as Schedule "A". The Board is ultimately responsible for supervising the activities and managing the investments and affairs of the Corporation and, in doing so, is required to act in the best interests of the Corporation. The Board generally discharges its responsibilities either directly or through the Audit Committee, the Governance Committee or the Compensation Committee. Responsibilities of the Board set out in the Mandate of the Board include:

- oversight of the Corporation's corporate governance;
- monitoring of the Corporation's financial performance and other financial reporting matters;
- approving the Corporation's policies and procedures; and
- oversight of the Corporation's communications and reporting.

Board Committees

Each of the Board's standing committees (the Audit Committee, the Governance Committee and the Compensation Committee) are composed entirely of Independent Directors. The Corporation does not have a Nominating Committee as the functions that would otherwise be performed by such committee are performed by the Governance Committee. In connection with the Corporation's conversion from the Fund to the Corporation and the Internalization Transaction, the Board established a Special Committee composed entirely of the Independent

Directors. The Special Committee's mandate included overseeing negotiations between the Corporation and the Manager with respect to changes to the terms of the Administration Agreement and the Management Agreements and making recommendations to the Board with respect to any such changes, including with respect to the Internalization Transaction. Upon completion of the Internalization Transaction, the Special Committee's mandate was completed and the committee was dissolved.

Audit Committee

The members of the Audit Committee are Messrs. Roy (Chairman), Brown, Lavelle and Sardo. In accordance with applicable securities laws, each of the members of the Audit Committee is an Independent Director and "financially literate" in accordance with the applicable provisions of NI 52-110. The Audit Committee corresponds directly with the Corporation's finance and accounting staff to review issues as appropriate and meets directly with PricewaterhouseCoopers LLP, the Corporation's external auditors, on a regular basis. The Audit Committee charter (the "Audit Committee Charter"), was attached as a schedule to the Corporation's Annual Information Form for the financial year ended December 31, 2010. The most current version of the Audit Committee Charter is available on SEDAR at www.sedar.com. The Audit Committee Charter is assessed annually and updated as required. The Audit Committee Charter outlines, among other things, the mandate of the Audit Committee to:

- oversee the integrity of the Corporation's financial statements and financial reporting process;
- oversee the qualifications and independence of the Corporation's external auditors;
- oversee the work of the Corporation's financial management and external auditors; and
- provide an open avenue of communication between the external auditors, the Board and management of the Corporation.

Further disclosure relating to the Audit Committee and its members, as required by NI 52-110, can be found in the Corporation's Annual Information Form for the financial year ended December 31, 2010, which is available on SEDAR at www.sedar.com.

Governance Committee

The Board has a Governance Committee that is composed of Messrs. Lavelle (Chairman), Brown, Roy and Sardo, each of whom is an Independent Director. The Governance Committee oversees and assesses the functioning of the Board and its committees, establishes the Corporation's corporate governance principles and guidelines and identifies and recommends qualified candidates for election to the Board. The charter for the Governance Committee (the "Governance Committee Charter") outlines, among other things, the responsibilities of the Governance Committee with respect to:

- identifying and recommending to the Board qualified candidates to nominate for election as Directors;
- annually reviewing and revising (as applicable) the Corporation's approach to governance issues; and
- overseeing compliance with the Code of Ethics.

The Governance Committee also periodically assesses the appropriateness of the size of the Board with a view to facilitating effective decision making and annually assesses the Governance Committee Charter and the competencies, skills and personal qualities required of the Board as a whole and each Director to add value to the Corporation. Based on these assessments, the Governance Committee will consider whether to recommend any changes to the Governance Committee Charter or the composition of the Board. The Board has delegated the identification of candidates to nominate for election as Directors to the Governance Committee which, as noted above, is composed entirely of Independent Directors, to help ensure an objective nomination process. When required, the Governance Committee will recruit and consider potential candidates for Directors having regard to the background, employment and qualifications of possible candidates including, among other things, the competencies, skills, business and financial experience, leadership roles and level of commitment required to fulfill Board responsibilities. After considering the qualifications that existing Directors possess and that each potential candidate would be expected to bring to the Board, the Governance Committee identifies qualified candidates, and recommends to the Board those candidates to be placed before the Shareholders at the next annual general meeting. In accordance with the Governance Committee Charter and the Guidelines, the Directors and the Board as a whole may engage outside advisors at the expense of the Corporation with the approval of the Chairman of the Board.

Compensation Committee

The Board has a Compensation Committee that is composed of Messrs. Sardo (Chairman), Brown, Lavelle and Roy, each of whom is an Independent Director. The charter for the Compensation Committee (the “Compensation Committee Charter”) outlines, among other things, the responsibilities of the Compensation Committee with respect to:

- reviewing and making recommendations with regard to all forms of remuneration to be paid to the Directors;
- reviewing and making recommendations with respect to all forms of compensation to be granted to the President and Chief Executive Officer of the Corporation; and
- reviewing the President and Chief Executive Officer’s recommendations respecting the compensation of the other senior executives of the Corporation.

In fulfilling its responsibilities and duties under the Compensation Committee Charter, the Compensation Committee is required to among other things: review and approve corporate goals and objectives relevant to the President and Chief Executive Officer’s compensation; evaluate the President and Chief Executive Officer’s performance in light of those corporate goals and objectives, and make recommendations to the Board with respect to the President and Chief Executive Officer’s compensation level based on its evaluation; review the recommendations to the Compensation Committee from the President and Chief Executive Officer respecting the appointment, compensation and other terms of employment of the Executive Vice President and Chief Financial Officer, all senior management reporting directly to the President and Chief Executive Officer and all other officers appointed by the Board and, if advisable, approve and recommend for Board approval, with or without modifications, any such appointment, compensation and other terms of employment; submit a report to the Board on human resources matters at least annually; periodically review the terms of and experience with the Corporation’s executive compensation programs for the purpose of determining if they are properly co-ordinated and achieving the purpose for which they were designed and administered; and on a periodic basis, establish a committee work plan that is disclosed publicly.

The Board determines the compensation of the Directors based on the recommendation of the Compensation Committee. The Compensation Committee has determined that the Directors should be compensated in a form and amount which is appropriate and which is customary for comparative organizations, having regard for such matters as time commitment, responsibility and trends in director compensation. The Compensation Committee is mandated to review the compensation of the Directors annually. This review includes consideration of all forms of compensation that a Director receives, directly or indirectly, including any consulting contracts or charitable contributions to organizations in which a Director is affiliated. Please see “Remuneration of Management and Others – Compensation of Directors” for a description of the Director’s current remuneration.

The Compensation Committee reviews and reassesses the adequacy of the Compensation Committee Charter at least annually and recommends changes to the Board. The performance of the Compensation Committee is evaluated with reference to the Charter annually.

Position Descriptions

The Board has approved position descriptions for the Chairman of the Board, the Chairman of each of the Board’s committees and the President and Chief Executive Officer of the Corporation. In accordance with the Governance Committee Charter, the Governance Committee is responsible for annually reviewing and making recommendations to the Board regarding the foregoing position descriptions.

The Chairman of the Board is responsible for, among other things, overseeing the Board’s discharge of its duties, governing the conduct of the Board, assisting the Board’s committees and acting as a liaison between the Board and management. The Chairman of each of the Board’s committees is responsible for, among other things, providing leadership to the respective committee to enhance its effectiveness. The President and Chief Executive Officer is responsible for managing the underlying business within the structure of the Corporation. The President and Chief Executive Officer’s specific responsibilities include developing a long-term corporate strategy for the Corporation, reporting to the Board on succession planning and consulting with the Chairman of the Board.

Board Assessment

The Governance Committee is responsible for annually assessing the effectiveness of the Board as a whole and each committee of the Board and making recommendations to the Board thereon. The Governance Committee is also responsible for evaluating the performance of the Chairman of the Board and the Chairman of each of the Board's committees and the performance and contribution of individual Directors. In 2010, the Governance Committee conducted an annual survey of the Directors with respect to their views on the effectiveness of the Board, the Chairman of the Board, the Board's committees, the Chairman of each of the Board's committees and individual Directors. The results of this annual survey were reported to the Board.

Orientation and Continuing Education

Pursuant to the Governance Committee Charter, the Governance Committee is mandated to oversee an orientation and education program for new Directors and to provide ongoing educational opportunities for all Directors. To assist in familiarizing new Directors with the role of the Board and its committees and Directors, new Directors are provided with the Guidelines, the Code of Ethics, the Mandate of the Board, the Audit Committee Charter, the Governance Committee Charter, the Compensation Committee Charter, the foregoing position descriptions, all other policies adopted by the Board and a presentation on the duties and responsibilities of directors. New Directors also have the opportunity to meet with management of the Corporation and other members of the Board to familiarize themselves with the business of the Corporation and their responsibilities as members of the Board.

To ensure that the Directors maintain the knowledge and skill necessary to meet their obligations as directors, the Governance Committee from time to time arranges for presentations by key personnel or qualified outside consultants concerning topics related to the Corporation's business, changes to the Corporation's legal and regulatory framework and corporate and board governance matters. Management regularly advises the Directors of opportunities for continuing education and the Directors are encouraged to attend external continuing education programs at the expense of the Corporation.

ADDITIONAL INFORMATION

Financial information is provided in the audited consolidated annual financial statements of the Fund and the Fund's management's discussion and analysis for its most recent financial year. Copies of these documents and additional information relating to the Fund and the Corporation are available on SEDAR at www.sedar.com. Additional information regarding the Corporation's Audit Committee, including descriptions of its members and their applicable education and experience, can be found under the heading "Management of the Corporation – Audit Committee Information" in the Corporation's Annual Information Form for the financial year ended December 31, 2010, which is available on SEDAR. A copy of the Audit Committee Charter is also available on SEDAR.

Upon written request, a copy of the audited consolidated annual financial statements of the Fund for the year ended December 31, 2010 contained in the Corporation's 2010 Annual Report, together with the auditors' report thereon and the related management's discussion and analysis, and one copy of any unaudited consolidated interim financial statements of the Corporation, together with the related management's discussion and analysis, subsequent thereto, in each case as filed with the applicable securities regulatory authorities, will be provided to any person. Any request for any such documents should be made to the Corporation's Investor Relations department at Brookfield Place, 181 Bay Street, Suite 3100, Toronto, Ontario, M5J 2T3 (telephone: (416) 607-5009). The Corporation may require the payment of a reasonable charge when a request is made by someone who is not a Shareholder.

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DIRECTORS' APPROVAL

The contents of this Information Circular and the sending, communication or delivery thereof to Shareholders have been approved and authorized by the Directors.

DATED the 27th day of April, 2011.

By Order of the Directors of Capstone Infrastructure Corporation

(signed) "Derek Brown"

Derek Brown
Chairman of the Board of Directors

SCHEDULE “A”

CAPSTONE INFRASTRUCTURE CORPORATION MANDATE OF THE BOARD OF DIRECTORS

The term “Corporation” herein shall refer to Capstone Infrastructure Corporation and the term “Board” shall refer to the Board of Directors of the Corporation. “Capstone Infrastructure Group” means, collectively, the Corporation and each subsidiary entity of the Corporation (a “Subsidiary”). The term “Management” herein shall refer to senior management of the Corporation and all Subsidiaries.

The Board is elected by the shareholders and is responsible for the stewardship of the affairs of the Corporation. The directors shall act honestly and in good faith with a view to the best interests of the Corporation and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board seeks to discharge such responsibility by supervising and reviewing the Corporation’s investments, conducting the affairs of the Corporation and monitoring the stewardship of any Subsidiaries.

The Board is responsible for establishing and maintaining a culture of integrity in the conduct of the Corporation’s affairs. The Board seeks to discharge this responsibility by satisfying itself as to the integrity of Management and by overseeing Management to ensure a culture of integrity is maintained.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times.

The Corporation is a publicly listed vehicle which must comply with the applicable securities laws and the Board is responsible for overseeing such compliance by the Corporation.

INDEPENDENCE OF DIRECTORS

Each of the directors, other than members of Management or directors who are employed by affiliates of Macquarie Group Limited, must be independent of the Corporation and the business of Capstone Infrastructure Group. In order to be independent, the director must qualify as “independent” as defined in Multilateral Instrument 52-110 – *Audit Committees*, as of that Instrument’s effective date, and as set out in the Corporation’s Corporate Governance Guidelines. However, the fact that a director is also a director of a Subsidiary shall not disqualify the director from being considered to be an “independent director” of the Corporation if the director would otherwise meet the foregoing tests.

The Chairman of the Board shall be an independent director. The Chairman shall act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties.

MEETINGS

The Board will meet at least once in each quarter, with additional meeting held as deemed advisable. The Chairman is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by, any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The independent directors will hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

DUTIES OF DIRECTORS

The Board discharges its responsibilities both directly and through its standing committees, the Audit Committee, the Governance Committee and the Compensation Committee. In addition to these standing committees, the Board may establish ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary roles of supervising the activities and managing the investments and affairs of the Corporation, principal duties include, but are not limited to the following categories:

Oversight of the Corporation's Governance

1. The Board is responsible for acting for, voting on behalf of and representing the Corporation as a holder of shares, notes and other securities of Subsidiaries.
2. The Board is responsible for reviewing the performance of the directors of the Corporation and at least annually conducts an effective evaluation of the directors of the Corporation. As part of the annual performance evaluation, the directors of the Corporation will collectively review and, if appropriate, update this mandate.
3. The Board is responsible for ensuring the directors of Subsidiaries provide annual reviews of operational matters pertaining to the Corporation's investments to the Board and reports on performance matters pertaining to the management of the Corporation's investments.
4. The Board is responsible for conducting an annual review of the performance of the Corporation against the goals and objectives as set out in the strategic plan and budget of the Corporation.
5. The Board may delegate to Board committees matters it is responsible for, but the Board retains its oversight function and ultimate responsibility for all delegated responsibilities.
6. The Board is responsible for reviewing, at least annually, the succession plans of the Corporation for the Chairman, President and Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.
7. The Board is responsible for ensuring that the composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings comply with the requirements of the *Business Corporations Act* (British Columbia), the *Securities Act* (Ontario) and the Articles of the Corporation, subject to any exemptions or relief that may be granted from such requirements.
8. The Board is responsible for ensuring that each director has an understanding of the Corporation's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership.

Monitoring of Financial Performance and Other Financial Reporting Matters

9. The Board will review and may question the Corporation's strategic plan and budget.
10. The Board is responsible for considering appropriate measures it may take on behalf of the Corporation if the performance of Capstone Infrastructure Group and its assets under Management's authority to manage, supervise and/or operate do not meet the Corporation's goals or other special circumstances warrant.
11. The Board shall be responsible for approving the Corporation's annual and interim financial statements and the notes and management's discussion and analysis accompanying such financial statements, the annual report, management proxy circular and annual securities law filings.

12. The Board is responsible for reviewing and approving material transactions involving the Corporation and the Board is required to approve the payment of dividends, the purchase and issuance of securities, acquisitions and dispositions of material assets by the Corporation and material expenditures by the Corporation.

Policies and Procedures

13. The Board is responsible for:
- (a) maintaining records on the Corporation's affairs and investments;
 - (b) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated;
 - (c) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
 - (d) enforcing obligations of the directors respecting confidential treatment of the Corporation's proprietary information and Board deliberations.
14. The Board is responsible for approving an External Communications Policy respecting communications to the public and an Insider Trading Policy respecting insider trading and reporting matters.

Communications and Reporting

15. The Board is responsible for:
- (a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;
 - (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting or other applicable standards and related legal disclosure requirements;
 - (c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation;
 - (d) reporting annually to shareholders on its stewardship for the preceding year;
 - (e) overseeing the provision to shareholders of all such information as is required by applicable law, prior to each meeting of shareholders;
 - (f) overseeing the investor relations and communications strategy of the Corporation; and
 - (g) overseeing the Corporation's ability to accommodate feedback from shareholders.