

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The average VWAP per RSU and PSU granted on during 2012 was 4.01 dollars (2011 – 7.87 dollars). As at December 31, 2012, the carrying value of the RSUs and PSUs, based on a market price of 4.03 dollars, was \$836 and is included in accounts payable and other liabilities in the consolidated statement of financial position (December 31, 2011 – 3.81 dollars and \$115). The RSU and PSU compensation expense of \$721 is recorded as compensation expense in the consolidated statement of income for 2012 (2011 – \$115).

(C) Employee Share Purchase Plan

All Canadian employees of Capstone are entitled to participate in the employee share purchase plan where employees can direct up to 15% of their salary to purchase Capstone shares. The Corporation will match 50% of the employee's contribution to maximum of \$3 per year, except for employees included in the LTIP program, who are ineligible for matching. Shares acquired as a matching contribution (including any dividends on those shares) vest after one year of match.

NOTE 23. EXPENSES – ANALYSIS BY NATURE

For the year ended	Dec 31, 2012				Dec 31, 2011			
	Operating	Admin.	Project Development Costs	Total	Operating	Admin.	Project Development Costs	Total
Fuel	77,678	—	—	77,678	77,838	—	—	77,838
Raw materials, chemicals and supplies	57,663	—	—	57,663	16,438	—	—	16,438
Wages and benefits	41,148	6,749	20	47,917	11,911	4,126	—	16,037
Maintenance	4,370	—	—	4,370	5,053	—	—	5,053
Insurance	1,654	—	—	1,654	1,610	—	—	1,610
Manager fees	1,914	—	—	1,914	1,806	1,825	—	3,631
Professional fees for legal, audit, tax and other advisory	2,470	1,780	345	4,595	894	2,195	8,289	11,378
Leases	1,334	—	—	1,334	1,114	—	—	1,114
Property taxes	1,125	—	—	1,125	1,383	—	—	1,383
Internalization	—	—	—	—	—	19,675	—	19,675
Other	5,822	2,541	—	8,363	4,039	1,856	—	5,895
Total	195,178	11,070	365	206,613	122,086	29,677	8,289	160,052

NOTE 24. OTHER GAINS AND LOSSES

	For the year ended	
	Dec 31, 2012	Dec 31, 2011
Unrealized gain (loss) on derivative financial instruments	2,605	(21,742)
Loss on disposal of capital assets	(1,311)	—
Other net gains and (losses)	1,294	(21,742)

NOTE 25. COMMITMENTS AND CONTINGENCIES

The Corporation, either directly or indirectly through its subsidiaries, has entered into various contracts and commitments as at December 31, 2012 as described below:

(A) Swap Contracts

The Corporation has various swap contracts for gas and interest, which have been further disclosed in notes 9 and 10.

(B) Leases

The following table summarizes the minimum operating lease payments:

	Within one year	One year to five years	Beyond five years	Total
Operating leases	939	3,765	8,443	13,147