

## RELATED PARTY TRANSACTIONS

Capstone's related party transactions in 2013 primarily comprised management fees paid by Capstone's equity accounted investments and compensation to key management.

Management fees earned from Capstone's equity accounted investments are reported in the consolidated statements of income as revenue. During 2013, Capstone earned fees of \$115, primarily related to the management of Glen Dhu and Fitzpatrick.

### Compensation of Key Management

Key management includes the Corporation's directors, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Compensation awarded to key management consisted of salaries, directors' fees and short-term employee benefits. Eligible directors and senior management of the Corporation also receive forms of stock-based compensation. Key management compensation is described in note 28 (Related Party Transactions) in the consolidated financial statements for the year ended December 31, 2013.

### Linking Management Compensation to Performance

Compensation plays an important role in achieving short- and long-term business objectives that ultimately drive the Corporation's 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 employees with shareholders' interests and with the execution of the Corporation's business strategy;
- Establish performance goals that, if met, are expected to improve long-term shareholder value; and
- Tie compensation to those goals and provide meaningful rewards for achieving them.

Financial performance targets are set each year to provide management with an incentive to improve upon yearly budgeted financial results and are therefore aligned with shareholder interests.

The following table summarizes the link between the Corporation's executive and senior officer forms of compensation and performance:

	Salary	Short-term incentive plan ("STIP")	Long-term incentive plan ("LTIP")
<b>Description</b>	Salary is a fixed component of compensation that provides income certainty by establishing a base level of compensation for executives fulfilling their roles and responsibilities.	The STIP provides the possibility of an additional annual cash award based on the achievement of corporate and individual goals.	The LTIP provides the possibility of an additional award linked to the Corporation's common shares. This award is paid in cash or common shares purchased on the open market after meeting certain vesting conditions.
<b>Purpose</b>	To attract and retain qualified executives.	To motivate, attract and retain qualified executives.	To reward long-term performance and align interests of executives with security holders.
<b>Link to performance</b>	No direct link.	A significant portion of this award is based on actual business performance against Capstone's non-GAAP performance measures, Adjusted EBITDA and AFFO.	A significant portion of this award is directly linked to the performance of the Corporation's shares over the vesting period, as well as the total shareholder return relative to a comparator group.

For a comprehensive understanding of Capstone's compensation program please refer to the "Compensation Discussion and Analysis" section of the Corporation's most recently filed information circular.

## SUMMARY OF QUARTERLY RESULTS

The following table provides a summary of the previous eight quarters of Capstone's financial performance.

	2013				2012			
(\$'000s, except for per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	110,291	91,418	93,539	94,255	94,654	84,951	85,849	92,156
Net income (loss) <sup>(1 and 3)</sup>	10,441	8,887	10,015	12,019	12,909	5,836	(4,184)	13,681
Adjusted EBITDA	37,992	26,253	31,834	32,342	31,074	24,542	27,516	37,211
AFFO	13,930	3,346	9,014	13,644	13,560	3,381	3,707	14,915
Common dividends <sup>(2)</sup>	7,208	5,720	5,709	5,696	5,579	5,655	10,231	12,299
Preferred dividends	938	938	938	938	938	938	938	938
Earnings Per Share – Basic <sup>(3)</sup>	0.099	0.104	0.119	0.145	0.147	0.065	(0.068)	0.171
Earnings Per Share – Diluted <sup>(3)</sup>	0.096	0.102	0.117	0.141	0.143	0.065	(0.068)	0.165
AFFO per share	0.145	0.044	0.119	0.180	0.179	0.045	0.049	0.200
Dividends declared per common share	0.075	0.075	0.075	0.075	0.075	0.075	0.135	0.165

(1) Net income (loss) attributable to the shareholders of Capstone.

(2) Common dividends include amounts declared for both the common shares of the Corporation and the Class B exchangeable units.

(3) Net income (loss) and earnings (loss) per share have been restated for changes required by IFRS to implement IAS 19 - Employee Benefits. This change, which became effective, retroactively, January 1, 2013, is described in note 2 of the consolidated financial statements for the year ended December 31, 2013.