CAPSTONE INFRASTRUCTURE CORPORATION PROVIDES NOTICE OF DIVIDEND RATES ON CUMULATIVE 5-YEAR RATE RESET PREFERRED SHARES, SERIES A AND CUMULATIVE FLOATING RATE PREFERRED SHARES, SERIES B

July 4, 2016 – TORONTO – Further to Capstone Infrastructure Corporation’s ("Capstone" or the "Corporation") (TSX:CSE.PR.A) news release dated June 10, 2016, Capstone announced today the applicable dividend rates for its Cumulative 5-Year Rate Reset Preferred Shares, Series A (the “Series A shares”) and Cumulative Floating Rate Preferred Shares, Series B (the “Series B shares”) that will take effect on July 31, 2016.

With respect to any Series A shares that remain outstanding after August 2, 2016 (when, subject to the terms of the Corporation’s articles, holders of Series A shares who elect to exchange some or all of their Series A shares for Series B shares will have such shares exchanged) (the “Conversion Date”), holders of Series A shares will be entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of Capstone. The dividend rate for the five-year period from and including July 31, 2016 to but excluding July 31, 2021 will be 3.271% per annum, being equal to the five-year Government of Canada bond yield determined as of today plus 2.71%, in accordance with the terms of the Series A shares.

With respect to any Series B shares that may be issued on the Conversion Date, holders thereof will be entitled to receive quarterly floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors of Capstone. The dividend rate for the three-month period from and including July 31, 2016 to but excluding October 31, 2016 will be 3.204% per annum, being equal to the three-month Government of Canada Treasury Bill yield per annum determined as of today plus 2.71%, with the amount of any quarterly dividend calculated based on the actual number of days in such quarterly period divided by 365, in accordance with the terms of the Series B shares.

Beneficial owners of Series A shares who wish to exercise their conversion right should communicate with their broker or other nominee to ensure their instructions are followed so that the registered holder of the Series A shares can meet the deadline to exercise such conversion right, which is 5:00 p.m. (EST) on July 18, 2016.

ABOUT CAPSTONE INFRASTRUCTURE CORPORATION

Capstone owns Capstone Power Corp. (100% ownership), which owns, operates and develops thermal and renewable power generation facilities in Canada with a total installed capacity of net 482 megawatts, and Capstone also has significant shareholdings in two utilities businesses in Europe, Bristol Water (50% ownership), a water utility in the United Kingdom, and Värmevärden (33.3% ownership), a district heating business in Sweden. Please visit www.capstoneinfrastructure.com for more information.

Notice to Readers

Certain of the statements contained within this document are forward-looking and reflect management's expectations regarding the future growth, results of operations, performance and business of Capstone Infrastructure Corporation (the "Corporation") based on information currently available to the Corporation. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "intend", "estimate", "plan", "believe" or other similar words. These statements are subject to known and unknown risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results. The forward-looking statements within this document are based on information currently available and what the Corporation currently believes are reasonable assumptions.

The forward-looking statements within this document reflect current expectations of the Corporation as at the date of this document and speak only as at the date of this document. Except as may be required by applicable law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements.

This document is not an offer or invitation for the subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of any investors. Before making an investment in the Corporation, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

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