NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2013

February 19, 2014

NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

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INTRODUCTION AND USE OF DEFINED TERMS

All capitalized terms used in this Annual Information Form ("**Annual Information Form**" or "**AIF**") have the meanings assigned to them under the heading "Glossary of Terms", unless otherwise defined. All currency amounts in this AIF are in Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained in this AIF is given as at or for the year ended December 31, 2013.

In this AIF, "Northland" means, prior to January 1, 2011, Northland Power Income Fund (the "Fund"), and, after January 1, 2011, Northland Power Inc. ("Northland" or the "Company") the corporation resulting from the corporate conversion of the Fund pursuant to the terms of the Arrangement.

Northland's audited consolidated financial statements for the year ended December 31, 2013 and related Annual MD&A are hereby specifically incorporated by reference in this AIF. Copies of these documents are available on SEDAR at www.sedar.com under Northland's profile and on Northland's website at www.northlandpower.ca.

FORWARD-LOOKING STATEMENTS

This AIF contains certain forward-looking statements that are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future adjusted EBITDA, free cash flows, dividend payments and dividend payout ratios; the construction, completion, attainment of commercial operations, cost, financing and output of development projects; plans for raising capital; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, construction risks, counterparty risks, operational risks, the variability of revenues from generating facilities powered by intermittent renewable resources and the other factors described in Northland's 2013 Annual Report and in this AIF dated February 19, 2014, both of which can be found at www.sedar.com under Northland's profile and on Northland's website at www.northlandpower.ca. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur. The forward-looking statements contained in this AIF are based on assumptions that were considered reasonable on February 19, 2014. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

NON-IFRS MEASURES

This AIF includes references to Northland's adjusted EBITDA and free cash flow, measures not prescribed by IFRS. Adjusted EBITDA and free cash flow, as presented, may not be comparable to similar measures presented by other companies. These measures should not be considered alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that adjusted EBITDA and free cash flow are widely accepted financial indicators used by investors to assess the performance of a company, including its ability to generate cash through operations.

Readers should refer to *Section 5: Consolidated Results* in Northland's Management's Discussion & Analysis in the 2013 Annual Report for an explanation of adjusted EBITDA and free cash flow and a reconciliation of Northland's reported adjusted EBITDA to its consolidated income (loss) before taxes and a reconciliation of Northland's free cash flow to its cash provided by operating activities.

CORPORATE STRUCTURE

Northland Power Inc. is a corporation governed by *the Business Corporations Act* (Ontario) that resulted from the Arrangement which became effective on January 1, 2011. The head and registered office of Northland is located at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, M4V 3A1.

The following is a list of Northland's principal subsidiary entities (Northland's ownership and voting interest of each such subsidiary is 100% except as indicated in the footnotes), showing the jurisdiction where they were incorporated or otherwise established.

Subsidiary	Jurisdiction of Incorporation / Establishment
Iroquois Falls Corp.	Ontario
Kingston LP	Ontario
Thorold LP	Ontario
Spy Hill LP	Ontario
North Battleford LP	Ontario
Ground-mounted Solar Entities	Ontario
Jardin LP	Quebec
Mont Louis LP	Quebec
German Wind Farms	Germany
McLean's LP(1)	Ontario
Kirkland Lake Corp.(2)	Ontario
Cochrane Power Corp.(2)	Ontario
CEEC(2)	Ontario
PEC(3)	Texas

(1) McLean's LP is owned 50% by Northland.

(2) On April 1, 2013, Northland acquired a 68% ownership interest in CEEC, which has voting control of Kirkland Lake Corp. and Cochrane Corp.
(3) PEC is owned 19% by Northland.

See more detail in "Narrative Description of the Business – Northland's Facilities".

OVERVIEW

Northland's business strategy is based on providing a balance of stability and growth to investors. The Company's objective is to maximize long-term shareholder value by maintaining stable and sustainable dividends and pursuing sustainable growth in the independent power industry. Northland aims to achieve this objective by maintaining a robust but disciplined development pipeline along with maintaining the expertise to manage projects from inception throughout their lifecycle.

Northland has been delivering on customers' needs for energy since 1987 by developing, building, owning and operating clean (natural gas) and green (hydro, wind, solar and biomass) power generation projects. The Company has developed or acquired a diversified portfolio of power generation projects in Canada and the US that produce long-term stable cash flows, providing regular dividends to shareholders since becoming publicly traded in 1997.

As of December 31, 2013, Northland owned or had a net economic interest in power producing facilities with a total capacity of approximately 1,329 MW. Northland's operating assets comprise facilities that produce electricity from natural gas and renewable resources for sale under long-term PPAs to creditworthy customers in order to ensure cash flow stability.

Northland's construction projects as of December 31, 2013 consist of the 60 MW (30 MW net to Northland) McLean's Mountain Wind Project located on Manitoulin Island and 30 MW of Ground-mounted Solar Phase II Projects (20 MW went into operations subsequent to December 31, 2013). Northland has an expected net economic interest in 479 MW of renewable energy projects with contracted PPAs or electricity off-take agreements which it considers to be in the advanced development stage. These projects have a combined gross capacity of 790 MW and comprise: (i) the 600 MW Gemini Offshore Wind Project; (ii) 124 MW of onshore wind; (iii) 40 MW of ground-mounted solar (construction activities began in February 2014); and (iv) 26 MW of hydro; Northland expects to construct these projects over the next four years. In addition, Northland has an extensive portfolio of projects in earlier stages of development.

GENERAL DEVELOPMENT OF THE BUSINESS

Northland Power's principal activity is the development, construction, ownership and operation of independent power projects.

Development of Northland's Projects

Northland has developed, constructed and/or completed the following projects over the last three completed financial years:

- On August 1, 2013, Northland announced that it had entered into agreements for the rights to acquire a 55% equity stake in a consortium which owns the Gemini Offshore Wind Project. On January 29, 2014, Northland announced that it had entered into agreements for the rights to acquire an additional 5% interest in the Gemini Offshore Wind Project. Construction of the Gemini Offshore Wind Project is expected to start in late 2014 with commercial operations targeted for 2017.

- In 2010 and 2011, Northland executed PPAs to build renewable green energy projects under the OPA's FIT Program, including 13 PPAs for 13-10 MW ground-mounted solar projects totalling 130 MW, the McLean's Mountain 60 MW wind farm, four hydro projects totalling 26 MW and the 100 MW Grand Bend Wind Farm. An additional 24 MW PPA was executed with Hydro Quebec to build a wind farm near Frampton, Quebec.

- Northland commenced construction in 2012 on six of the thirteen ground-mounted solar projects ("**Ground-mounted Solar Phase I Projects**") with all reaching COD between June and September 2013.

- Construction commenced in 2013 on the next three ground-mounted solar projects ("**Ground-mounted Solar Phase II Projects**"), with two of the three sites reaching COD shortly after December 31, 2013. Construction of the remaining four sites ("**Ground-mounted Solar Phase III projects**") commenced during February 2014.

- Site clearing commenced in late December 2012 on the 60 MW (30 MW net to Northland) McLean's Mountain Wind Farm which is expected to be completed in early 2014.

- The Mont Louis Wind Farm attained COD in September 2011.

- The Spy Hill Facility attained COD in October 2011.

- The North Battleford Facility attained COD in June 2013.

McLean's LP Financial Closing

On October 1, 2013, McLean's LP (a 50/50 partnership with the United Chiefs and Councils of Mnidoo Mnising First Nations) entered into a non-recourse credit facility with a syndicate of institutional lenders for a $135 million senior secured construction and term loan. The senior debt will be repaid through quarterly blended payments of principal and interest starting on March 31, 2017 until maturity on March 31, 2034, with the principal payments fully amortizing the loan over this period. The senior debt was funded at closing and bears interest, paid quarterly (monthly prior to term conversion), at a rate of 6.01%.

Ground-mounted Solar Phase II Financial Closing

On September 24, 2013, Northland completed an $84 million non-recourse project financing and a $4.5 million letter of credit facility for two of the sites within Ground-mounted Solar Phase II Projects with two commercial banks. Once term conversion is achieved, the loan will require blended payments of principal and interest based on an 18-year amortization period. As required under the loan provisions, on October 11, 2013, Northland entered into interest rate swaps to effectively fix the variable interest rate of the non-recourse debt. The all-in rate including interest rate swaps and credit spreads is 5.735%.

North Battleford LP Bond Refinancing

On September 20, 2013, North Battleford LP's term loan and interest rate swaps were repaid in full with the proceeds of the issuance by North Battleford LP of $667.3 million, 4.958% senior secured amortizing Series A bonds. The bonds require blended payments of principal and interest and will be amortized until maturity in December 2032, six months prior to the expiry of the PPA. The bonds were rated A (low) by DBRS.

Conversion of Merger Shares

On January 16, 2012 (the "**Conversion Date**"), all of Northland's Class A Shares became exchangeable on a one-for-one basis into Common Shares and became entitled to dividends on the same basis as Northland's Common Shares. Additionally, 4,528,269 Replacement Rights held by senior management of Northland became exercisable and were subsequently exchanged for Common Shares; this included the 388,937 Replacement Rights that were previously subject to a reduction if Northland failed to declare annual dividends of at least $1.08 per Common Share prior to the Conversion Date. Pursuant to certain adjustments, 5,464 contingent Replacement Rights were cancelled.

The terms of Northland's Class B Convertible Shares and Class C Convertible Shares provided that these securities could be converted into Class A Shares or exchanged for Common Shares at defined milestones related to the development profits attributable to certain of Northland's electricity generation projects as they achieved commercial operation. In addition, up to an additional 759,355 contingent Replacement Rights held by Northland management could be convertible into Common Shares in proportion to the remaining Class C Convertible Shares that became eligible for conversion into Class A Shares.

A process for determining the convertibility of these securities (the "**First Determination Process**") was established under the terms of the Merger and restated in the Company's Articles. Northland's 100.5 MW Mont Louis Wind Farm, 86 MW Spy Hill Facility and four rooftop solar projects achieved commercial operations in 2011. These projects, along with the South Kent development project that was sold in 2011, were included in the First Determination Process. A special committee of the independent directors of Northland (the "**Special Committee**") was appointed by the board to oversee the First Determination Process and the Special Committee retained BMO Nesbitt Burns Inc. as its independent financial advisor to determine the fair market value and the development profits of these projects as required by the Company's Articles.

In January 2012, as a result of the First Determination Process, 4,206,270 Class C Convertible Shares were converted into Class A Shares on a one-for-one basis and 739,103 contingent Replacement Rights were converted into Common Shares.

On August 22, 2013, Northland's remaining Class C Shares and all of its Class B Shares were converted to Class A Shares and all of its remaining contingent Replacement Rights were convertible to Common Shares pursuant to the terms of those securities. Consistent with the First Determination Process, a process for determining the convertibility of these securities (the "**Second Determination Process**") was established. Similar to the First Determination Process, the Special Committee retained BMO Capital Markets as the Financial Advisor to determine the Fair Market Value and the Development Profits of the recently completed North Battleford Facility and Ground-mounted Solar Phase I Projects which achieved commercial operations in 2013.

Once the Class C and B Shares were converted into Class A shares, they were subsequently converted into the equivalent number (12,357,531) of Common Shares. In addition, as a result of the Second Determination Process, the remaining 759,355 contingent Replacement Rights were converted into Common Shares of Northland.

As of the date of this AIF, Northland Power Holdings Inc., a corporation controlled by the Chairman of Northland, James C. Temerty, had converted all but 1,000,000 Class A Shares into Common Shares of Northland.

Acquisition of CEEC

On April 1, 2013, Northland acquired from The Probyn Group™ the controlling interest in CEEC and all the shares of Chapais Services. CEEC owns the voting shares in Kirkland Lake Corp. and Cochrane Power Corp. which respectively own the 132 MW Kirkland Lake Facility and the 40 MW Cochrane Facility which were already managed and operated by Northland. CEEC also owns the voting shares of the general partner of Chapais. The cash consideration paid for the transaction was $9.8 million ($3.8 million, net of cash acquired at CEEC). Northland continues to manage the Kirkland Lake and Cochrane generating stations, and as of April 1, now also manages, through Chapais Services, the operations of the Chapais Facility.

Spy Hill LP Bond Refinancing

On January 21, 2013, Spy Hill LP's term loan was repaid in full with the proceeds of the issuance by Spy Hill LP of $156.3 million, 4.14% senior secured amortizing Series A bonds. The bonds require blended payments of principal and interest and will be amortized until maturity in March 2036, six months prior to the expiry of the PPA. The bonds were rated A (stable) by DBRS.

Ground-mounted Solar Phase I Financial Closing

On July 16, 2012, Northland completed $227 million of non-recourse project financing for its six Ground-mounted Solar Phase 1 Projects totalling 60 MW. The non-recourse credit facility was provided by a syndicate of banks with $115 million allocated to three projects ("**Cluster 1**") and $112 million allocated to the remaining three projects ("**Cluster 2**"). Once term conversion is achieved, the loans will require blended payments of principal and interest based on an 18-year amortization period. As required under the loan provisions, Northland previously entered into interest rate swaps to effectively fix the variable interest rate of the non-recourse debt. The loans and interest rate swaps have a term to December 31, 2030, to cover both loan advances during construction and debt repayments during the commercial operations period. The all-in rate including interest rate swaps and credit spreads for the first four years after term conversion is 5.2% for Cluster 1 and 5.3% for Cluster 2.

Issuance of Series 3 and Series 4 Preferred Shares

On May 24, 2012, Northland issued 4.8 million cumulative rate reset Series 3 Preferred Shares, for aggregate gross proceeds of $120 million. The holders of Series 3 Preferred Shares will have the right to convert their shares into cumulative floating rate preferred shares, series 4 (the "**Series 4 Preferred Shares**"), subject to certain conditions, on December 31, 2017 and on December 31 of every fifth year thereafter. The holders of Series 4 Preferred Shares will be entitled to receive quarterly floating rate cumulative dividends, as and when declared by the Board of Directors, at a rate equal to the then three month Government of Canada Treasury Bill yield plus 3.46%.

Corporatization and Internal Reorganization of Northland Power Inc.

On January 1, 2011, Northland converted from an income trust to a corporation pursuant to the Arrangement. Under the Arrangement, the Fund's trust units (the "**Units**") were exchanged for Common Shares of Northland Power Inc. on a one-for-one basis and trade under the TSX symbol "NPI" (the previous symbol was "NPI.UN").

NARRATIVE DESCRIPTION OF THE BUSINESS

Electricity Industry Overview

ONTARIO

Ontario government policies are intended to foster the development of renewable and clean energy generation projects as well as conservation and demand management programs. The OPA has been the principal body utilized by the Ontario government to procure new generation and to implement conservation and demand management initiatives. The OPA has conducted a number of competitive procurement processes and program-based procurement processes for natural gas-fired and renewable generation. The OPA may continue procurements for natural gas projects and other technologies either through a competitive process, feed-in tariff program, or direct negotiation as directed by the Minister.

On December 2, 2013, the Minister released its long-term energy plan ("**LTEP**"). Key features of the LTEP include: encouraging conservation; extending the phasing-in of wind, solar and bioenergy for three more years than previously estimated; developing a competitive procurement process for large renewable energy projects ("**LREP**"); investigating the role of energy storage; utilizing hydro, natural gas and combined heat and power ("**CHP**"); and focusing on First Nation participation and involvement in community electricity generation.

In 2009, the Green Energy and Green Economy Act, 2009 was passed into law and the OPA was directed by the Minister to launch the FIT Program. The FIT Program offers stable prices under long-term contracts for energy generated from renewable sources, including biomass, wind, solar PV and waterpower. Domestic content requirements for wind and solar projects were also established but have been substantially revised for later projects due to a World Trade Organization ruling. Legislation was introduced in December 2013 which proposes to eliminate such requirements. The OPA began accepting FIT applications in October 2009, and according to the OPA, 4,624 MW had been contracted as of January 24, 2014.

Since the introduction of the FIT Program, the Ministry of Energy has released revised program rules with the most recent version being FIT 3.0, which responds to a June 12, 2013 directive issued by the Minister directing the OPA to proceed with small FIT projects (renewable projects less than 500 kW). The new FIT 3.0 contract and rules do not affect FIT contracts issued prior to October 31, 2011, which include all of Northland's FIT contracts.

Renewable energy projects over 500 kW are no longer part of FIT and will instead be subject to the LREP. On December 16, 2013, the Minister directed the OPA to proceed with the new LREP (defined as including new projects over 500 kW). The LREP procedure will include request for qualification and request for proposals components, and is expected to be launched in the third quarter of 2014.

The OPA received a further directive from the Minister on December 16, 2013 directing that it report back to the Ministry of Energy (by February 2014) on a new procurement program for CHP projects that focuses on efficiency and regional capacity needs as well as new programs for greenhouse operations, agri-food and district energy. Within the newly-released LTEP, natural gas is expected to represent 12% of energy production (23% installed capacity) by 2025.

Additional directives issued by the Minister on December 16, 2013 to the OPA addressed the following topics: the launch of two standard offer programs by September 30, 2014 to procure up to 40 MW of hydro at existing facilities and 50 MW of new hydroelectric capacity for municipal hydroelectric projects that are at least 5 MW; and to move ahead with renewable energy projects in remote First Nation communities.

Ontario's LTEP, LREP and the FIT Program evidence the Province's continuing commitment to renewable energy. The realization of these renewable energy targets has given rise to the need for significant change in the day-to-day operation of the Ontario electricity grid and the administration of the energy market. As a result, the IESO is facilitating the integration of renewable resources onto the IESO-controlled grid through a series of market rule amendments.

The OPA has also been directed to enter into new contracts with non-utility generators after their current contracts expire if the new contract results in costs and reliability benefits to ratepayers.

QUEBEC

The electricity industry in Quebec is structured around two government bodies: Hydro-Québec, one of the largest electric utilities in North America with broad powers to generate, supply and deliver electricity in Quebec, and the Régie de l'énergie ("**Régie**"), the provincial regulator responsible both for reconciling the public interest, consumer protection and the fair treatment of electricity carriers and distributors, and for approving the supply plan of the distribution arm of Hydro-Québec.

The supply plan, prepared every 3 years by Hydro-Québec, includes a forecast of the needs of the Québec market over the ensuing ten year period and compares it to forecasted levels of supply available to Hydro-Québec Distribution, known as the "heritage electricity pool" (about

165 TWh). This pool is provided by Hydro-Québec Production, the generating division of Hydro-Québec. To meet demand in excess of the heritage electricity pool, Hydro-Québec Production must enter into supply contracts by conducting public calls for tenders. The last supply plan was submitted in November 2009 to 2013 and will be updated in 2014.

In 2005, Hydro-Québec signed contracts with independent power producers for almost 1,000 MW of wind power including the Mont Louis and Jardin projects. In 2008, Hydro-Québec signed fifteen contracts for a total of 2,004.5 MW of wind power for deliveries commencing between 2011 and 2015, although one of those contracts was subsequently cancelled.

In July 2012, the Quebec government announced its intention to procure 700 MW of wind through a competitive procurement process. The process was launched on December 18, 2013 calling for the production of 450 MW of wind energy by 2017. Bids will be accepted until September 2014. Currently, Hydro-Québec has access to more than 2,187 MW of wind power and plans to integrate a total of 4,000 MW by 2015.

On December 20, 2011, Hydro-Québec launched a power purchase program for biomass cogeneration with a 300 MW target. Each project is capped at 50 MW with a 15 to 25 year term. 184.2 MW has been awarded to date with 115.8 MW of the 300 MW available.

SASKATCHEWAN

Most of Saskatchewan's electricity requirements are served by SaskPower, a Crown corporation and vertically-integrated utility which operates under the authority of the *Power Corporation Act* (Saskatchewan). SaskPower maintains an extensive power system that consists of $6.3 billion in generation, transmission and distribution infrastructure with a total available capacity of 4,094 MW (3,513 MW produced by SaskPower facilities and 581 MW produced by independent power producers ("**IPPs**")) through long-term power purchase agreements including Northland's North Battleford Facility and Spy Hill Facility.

SaskPower's electrical load forecast is growing above long-term averages due to increased economic activity in the province. SaskPower expects that it will need enough additional electricity supply to power over 110,000 households over the next 10 years, translating into a 2.9% increase in demand per year over that period. In order to meet this demand, SaskPower has stated that it intends to add 1,300 MW to the system by 2017, 3,750 MW by 2033.

Coal-fired generation is the primary component in Saskatchewan's supply mix. With an ageing infrastructure and evolving regulation regarding climate change and environmental issues, SaskPower has assessed alternative forms of generation and partnering with IPPs to meet its new load requirements and environmental goals. SaskPower is currently undertaking a number of projects with IPPs including wind and hydroelectric projects under its Green Options Plan (currently under review).

As of February 2013, SaskPower's supply mix included 1,051 MW of renewable energy, including 852 MW of hydroelectricity and 198 MW of wind power. SaskPower is currently adding 175 MW of wind power to the system with a goal of having wind represent 8.5% of SaskPower's total capacity by 2017. IPPs will be expected to provide 55 MW of renewable energy through wind, waste heat recovery, flare gas, geothermal, hydro, biogas and biomass projects by 2017.

Due to Saskatchewan's abundance of coal reserves, SaskPower intends to continue using coal in the future. However, given SaskPower's environmental goals, it intends to develop carbon capture and sequester technologies.

Northland Facilities

Northland's 2013 consolidated financial statements include the results of Northland and its subsidiaries, of which the most significant are:

- Iroquois Falls Corp., which owns the Iroquois Falls Facility;
- Kingston LP, which owns the Kingston Facility;
- Thorold LP, which owns the Thorold Facility;
- Jardin LP, which owns the Jardin d'Éole Facility;
- DK Windpark Kavelstorf GmbH & Co. KG and DK Burgerwindpark Eckolstädt GmbH & Co. KG, which own the German Wind Farms;
- Mont Louis LP, which owns the Mont Louis Wind Farm;
- Spy Hill LP, which owns the Spy Hill Facility;
- North Battleford LP, which owns the North Battleford Facility;
- Kirkland Lake Corp. which owns the Kirkland Lake Facility;
- Cochrane Power Corp. which owns the Cochrane Facility;
- Ground-mounted Solar Entities, which own thirteen ground-mounted solar facilities, and
- McLean's LP, which owns the McLean's Mountain Wind Farm that is under construction.

Northland's financial results also include income earned from a 19% equity interest in PEC, which through its wholly owned subsidiaries owns the 230 MW combined-cycle Panda-Brandywine Facility, results from Chips LP, the rooftop solar partnership in which Northland has a 75% interest and management fees from Chapais. The following table summarizes the principal characteristics of each of the operating facilities in which Northland had a direct or indirect interest as at December 31, 2013:

Operating Facilities

Facility	Gross Project Capacity	Northland's Economic Interest %	Northland's Economic Interest Capacity	Contract Counterparty	PPA Term	% of 2013 Adjusted EBITDA(2)	% of 2012 Adjusted EBITDA(2)
THERMAL:							
Iroquois Falls	120.0 MW	100%	120.0 MW	OEFC	December 2021(3)	15%	21%
Kingston	110.0 MW	100%	110.0 MW	OEFC	January 2017(3)	20%	24%
Thorold	265.0 MW	100%	265.0 MW	OPA	March 2030	22%	33%
Spy Hill	86.0 MW	100%	86.0 MW	SaskPower	October 2036	7%	9%
North Battleford	260.0 MW	100%	260.0 MW	SaskPower	June 2033	20%	n/a
RENEWABLE:							
Jardin	127.5 MW	100%	127.5 MW	Hydro-Québec	November 2029	7%	9%
Mont Louis	100.5 MW	100%	100.5 MW	Hydro-Québec	September 2031	6%	7%
German Wind Farms	21.5 MW	100%	21.5 MW	N/A(1)	N/A(1)	1%	1%
Ground-mounted Solar Phase I	60.0 MW	100%	60.0 MW	OPA	June – September 2033	6%	n/a
MANAGED:							
Cochrane	42.0 MW	77%(4)	32.3 MW	OEFC	January 2015	1%(5)	1%(5)
Kirkland Lake	132 MW	77%(4)	101.6 MW	OEFC	August 2030(6)	6%(5)	10%(5)
OTHER:							
Panda-Brandywine	230.0 MW	19%	43.7 MW	JP Morgan	May 2014	0%	0%
Rooftop Solar	1.0 MW	75%	0.8 MW	OPA	April – September 2031	0%	0%
Chapais	28.0 MW	0%(7)	n/a(7)	Hydro-Québec	November 2015	0%	n/a
Corporate(8)	n/a	n/a	n/a	n/a	n/a	(11%)	(15%)

Notes:

(1) German electricity production is purchased by local power utilities as required by German legislation at predetermined prices.
(2) Represents the approximate percentage of adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA), a non-IFRS measure that was generated by each facility.
(3) Northland has the option to extend the PPAs subject to terms and conditions to be negotiated. Iroquois Falls' PPA can be renewed for a further five (5) year term and Kingston's can be renewed for a further term of 60 consecutive month's minimum.
(4) On April 1, 2013, Northland acquired an ownership interest in CEEC, which has voting control of the Kirkland Lake and Cochrane facilities. The 77% referenced in the above table represents Northland's net economic interest in Kirkland Lake and Cochrane.
(5) Northland's consolidated financials include the results for Kirkland Lake, Cochrane and CEEC following Northland's April 1, 2013 acquisition of the controlling interest in CEEC. Fees and dividends earned by Northland from those entities following the acquisition are considered intercompany amounts and eliminate on consolidation. However, in the calculation of adjusted EBITDA as shown in the above table, Northland includes the fees and dividends earned rather than all adjusted EBITDA generated by these entities.
(6) The PPA requires that the rates for gas fuelled capacity and energy payments in years 26 to 40 of the term be negotiated prior to the end of year 25 of the term. Negotiations with OEFC are currently underway.
(7) Chapais is controlled by its senior secured lenders and by the managing general partner's Class B Preferred Shareholders. As a result, Northland only receives management fees from Chapais.
(8) Included in Corporate is adjusted EBITDA generated by Chips LP and management, administration and development expenditures.

Except as otherwise noted, all contract counterparties are of investment grade as rated by one or more rating agencies.

2013 Revenue Breakdown by Segment *(in millions of dollars)*

Segment	Electricity	Steam	Natural Gas	Other	Total
Thermal	378.0	8.4	3.8	0.2	**390.4**
Renewable	67.0	-	-	-	**67.0**
Managed(1)	90.2	-	0.3	7.7	**98.2**
Other(2)	-	-	-	1.6	**1.6**
Total	**535.2**	**8.4**	**4.1**	**9.5**	**557.2**

Notes:

(1) Reported Managed revenue in the above tables represents fees and dividends earned (under Other) from Kirkland Lake and Cochrane, until April 1, 2013. After April 1, 2013 all fees and dividends from Kirkland Lake and Cochrane are considered intercompany transfers and eliminated on consolidation. After April 1, 2013, Kirkland Lake's and Cochrane's reported revenues are included in the above table (under Electricity and Natural Gas).

(2) Included in Other are revenues from Chips LP.

2012 Revenue Breakdown by Segment *(in millions of dollars)*

Segment	Electricity	Steam	Natural Gas	Other	Total
Thermal	281.3	8.3	7.3	0.1	297.0
Renewable	44.4	-	-	-	44.4
Managed(1)	-	-	-	18.6	18.6
Other(2)	-	-	-	1.7	1.7
Total	**325.7**	**8.3**	**7.3**	**20.4**	**361.7**

Notes:

(1) Reported Managed revenue in the above tables represents fees and dividends earned (under Other) from Kirkland Lake and Cochrane, until April 1, 2013. After April 1, 2013 all fees and dividends from Kirkland Lake and Cochrane are considered intercompany transfers and eliminated on consolidation. After April 1, 2013, Kirkland Lake's and Cochrane's reported revenues are included in the above table (under Electricity and Natural Gas).

(2) Included in Other are revenues from Chips LP.

Projects under Construction

Facility	Gross Project Capacity	Northland's Economic Interest		Contract Counterparty	PPA Term(1)
		%	Capacity		
Ground-mounted Solar Phase II	30.0 MW(2)	100%	30.0 MW	OPA	20 years
McLean's Mountain	60.0 MW	50%	30.0 MW	OPA	20 years

Notes:

(1) From the commercial operations date.

(2) Two projects totalling 20 MW reached commercial operations after December 31, 2013.

Advanced Development Projects

Facility	Gross Project Capacity	Northland's Economic Interest		Contract Counterparty	PPA Term[(1)]
		%	Capacity		
Gemini Offshore Wind[(2)]	600.0 MW	60%	360.0 MW	The Government of The Netherlands	15 years
Grand Bend Wind Farm	100.0 MW	50%	50.0 MW	OPA	20 years
Ground-mounted Solar Phase III[(3)]	40.0 MW	100%	40.0 MW	OPA	20 years
Kabinakagami Hydro Projects	26.0 MW	50%	13.0 MW	OPA	40 years
Frampton Wind Farm	24.0 MW	67%	16.0 MW	Hydro-Québec	20 years

Notes:

(1) From the commercial operations date.
(2) Shares to be acquired prior to financial close.
(3) Construction activities at all four sites began in February 2014.

All advanced development projects have signed PPAs.

Except as otherwise noted, all electricity off-takers are of investment grade as appraised by one or more rating agencies.

Thermal Facilities

Northland owns and operates approximately 841 MW of net thermal generation located in Ontario and Saskatchewan. Thermal facilities generate electricity through combustion which creates hot expansive gases that spin gas turbines coupled to electrical generators. By using natural gas to fuel the gas turbines at each of Iroquois Falls, Kingston, Thorold, Spy Hill, and North Battleford, Northland is using a clean-burning fossil fuel. Natural gas combustion results in extremely low atmospheric emissions of sulfur dioxide or small particulate matter, and far lower emissions of carbon monoxide, NO_x, and greenhouse gases such as reactive hydrocarbons and carbon dioxide, than the combustion of other fossil fuels. The Panda-Brandywine Facility and Northland's Kirkland Lake and Cochrane facilities (which Northland has voting control and manages on behalf of third party, non-voting shareholders), generate electricity using natural gas. The Kirkland Lake and Cochrane facilities also use wood waste to generate electricity.

All Northland thermal facilities hold all necessary permits and approvals required for operations and have an environmental monitoring and reporting system in place.

The following describes Northland's current wholly-owned operating thermal facilities:

IROQUOIS FALLS

The 120 MW Iroquois Falls facility sells electricity to OEFC under a PPA and supplies steam to the neighbouring Resolute Iroquois Falls Mill (previously doing business as AbiBow Inc.) under a steam sales agreement that expires in 2016. The PPA obligates OEFC to purchase certain quantities of electricity ranging from a monthly average of 77 MW in the summer months to 96 MW in the winter (the yearly average is approximately 85 MW). The Agreement (PPA) may be renewed upon request by either party for a further five (5) year term, subject to terms and conditions to be negotiated.

Iroquois Falls purchases natural gas from Cenovus and Shell Canada Ltd. under supply contracts that end in 2015 and 2016, respectively. The gas is transported through pipelines owned by TransCanada and Union Gas Limited from western Canada to the plant site under firm service agreements that run to 2016. On April 10, 2013, Northland entered into a long-term financial gas contract primarily to stabilize the price of future gas purchases for 2017 until the end of the PPA in 2021.

Iroquois Falls operates to deliver the maximum amount of the electricity that OEFC is obligated to purchase under the PPA during on-peak periods, when PPA prices are highest. Iroquois Falls' electricity production capacity exceeds that required to supply 100% of the on-peak and off-peak electricity volume under its PPA. This excess capacity is used to sell electricity and ancillary services to the Ontario wholesale electricity market when market conditions are favourable. During times when Iroquois Falls has unused contracted transportation capacity with TransCanada, natural gas is purchased at market prices in Alberta, then delivered and resold in eastern Canada to mitigate firm costs under the TransCanada contract; this activity recovers some fixed costs but provides little or no profit to Iroquois Falls.

The maintenance of the two GE LM 6000 PD gas turbines is contracted to GE under a maintenance agreement that, based upon the expected usage of the turbines, will continue until 2015, when it may be renewed. The agreement includes provisions for routine maintenance and repairs, as well as upgrades and improvements. Payments to GE are based on the usage of the gas turbines. Iroquois Falls also participates in the GE gas turbine lease pool, which guarantees the availability of replacement gas turbines on short notice, minimizing the impact of extended outages.

KINGSTON

The 110 MW Kingston Facility has a PPA with OEFC for the sale and delivery of up to a specified annual quantity of electricity until 2017. The Agreement (PPA) may be renewed upon request by Kingston for a further term of 60 consecutive months minimum, subject to rates, terms and conditions to be negotiated at the time.

Kingston has a natural gas purchase agreement with Cenovus for the supply of natural gas until 2017. TransCanada and Union Gas Limited transport the gas to the Kingston Facility under long-term firm transportation agreements that expire in 2017. Cenovus manages all aspects of Kingston's gas supply under a fuel management agreement expiring in 2017 and receives a portion of profits earned on the resale of contracted natural gas.

Kingston delivers the maximum amount of electricity that OEFC is obligated to purchase under the PPA during higher-priced on-peak periods. At times of high market gas prices it is economical for Kingston to reduce off-peak electricity production and resell contracted natural gas and gas transportation, either on the spot market or under forward contracts up to three years in the future.

A significant portion of Kingston's GE 6FA gas turbine maintenance is contracted to GE under an agreement that expires in 2016 and covers all gas turbine parts, part repairs and related costs.

On January 23, 2013, Kingston's project financing was repaid in full.

THOROLD

The 265 MW Thorold Facility sells electricity to the OPA under a 20-year CHP Contract and supplies steam and electricity to the adjacent Resolute Thorold Mill under a 20-year energy supply agreement. Thorold is a dispatchable facility that generally produces electricity only when Ontario market conditions are economic, but has a contractual structure designed to insulate it from volume risk and volatility in electricity and natural gas prices. Thorold effectively receives a fixed amount (a revenue requirement) under its PPA that is intended to cover fixed operating costs, debt service and returns on equity. Amounts received from or paid to the OPA to achieve the revenue requirement depend largely upon the difference between actual gross margins earned in the electricity market and margins deemed to have been earned based on market conditions and contract parameters. The revenue requirement structure ensures Thorold's gross profit from the PPA is generally fixed and largely dependent on its ability to operate according to the contract parameters. Thorold can occasionally earn additional gross profit from the Ontario electricity market during certain system or operating conditions.

Thorold is configured around a GE 7FA industrial gas turbine, associated heat recovery steam generator and a steam turbine. Thorold has a 25-year contractual services agreement with GE to cover planned and unplanned maintenance and repairs on the combustion turbine, generator, control systems and auxiliaries supplied by GE.

In accordance with the terms of Thorold's credit agreement, Thorold maintains a major maintenance reserve to help smooth the cash flow impact of periodic costs arising from major maintenance inspections and overhauls. The major maintenance reserve can be funded with cash or a letter of credit; cash is currently being retained in a separate interest-bearing account. Thorold is also required under certain conditions to maintain a debt service reserve, which can be funded with cash or a letter of credit. A debt service reserve will be established during 2014.

SPY HILL

The Spy Hill Facility is an 86 MW natural-gas-fired peaking facility located near Spy Hill, Saskatchewan, on land leased from SaskPower. The Spy Hill Facility began commercial operations on October 19, 2011, after being successfully completed on schedule and under budget. It generates electricity and provides grid stability to SaskPower under the terms of its 25-year PPA. Spy Hill's PPA is designed to ensure predictable, stable and sustainable cash flows by providing monthly payments that cover all fixed costs, debt service and investment returns and by passing through fuel costs to SaskPower, thus insulating the project against changes in natural gas market prices. Northland is responsible for operating the plant to achieve specified efficiency and reliability levels.

The facility comprises two GE LM 6000 gas turbines. Spy Hill entered into a gas turbine parts and services agreement with GE for the duration of the PPA. The agreement includes a fixed quarterly payment to cover some annual inspection and monitoring fees and a lump-sum major maintenance payment at approximately 25,000 hours of operation. Any additional parts and services for unplanned events will be procured at agreed-upon rates and discounts from GE.

On January 21, 2013, Spy Hill LP's term loan was repaid in full with the proceeds of the issuance by Spy Hill LP of $156.3 million, 4.14% senior secured amortizing Series A bonds. The bonds require blended payments of principal and interest and will be amortized until maturity in March 2036, six months prior to the expiry of the PPA. The bonds were rated A (stable) by DBRS.

Upon the expiry of the Spy Hill's PPA, SaskPower has the option to purchase the facility for $1.

NORTH BATTLEFORD

The North Battleford Facility is a 260 MW natural-gas-fired combined-cycle baseload plant located near North Battleford, Saskatchewan. North Battleford began commercial operations on June 5, 2013 after being successfully completed on schedule and under budget. The North Battleford Facility receives monthly capacity-related payments under its PPA that are based on the facility's ability to deliver electricity during non-holiday weekday on-peak periods, and are designed to cover all fixed costs, debt service and investment returns. Other tariffs under the PPA compensate the North Battleford Facility for certain variable and fixed costs of production, including the supply and transportation of natural gas, the costs of which are effectively passed through to SaskPower. Northland is responsible for operating the plant to achieve specified efficiency and reliability levels. The contractual structure of the project is designed to ensure predictable, stable and sustainable cash flows over the entire 20-year term of the PPA.

The North Battleford facility uses a GE 7FA gas turbine with an associated heat recovery steam generator and a steam turbine to generate electricity. North Battleford has entered into a 25-year agreement with GE to cover planned and unplanned maintenance and repairs on the combustion turbine, generator, control systems and auxiliaries supplied by GE.

On September 20, 2013, North Battleford LP's term loan and interest rate swaps were repaid in full with the proceeds of the issuance by North Battleford LP of $667.3 million, 4.958% senior secured amortizing Series A bonds. The bonds require blended payments of principal and interest and will be amortized until maturity in December 2032, six months prior to the expiry of the PPA. The bonds were rated A (low) by DBRS.

Thermal facilities with non-controlling interests

The following describes the thermal facilities that Northland has voting control and manages on behalf of third party, non-voting shareholders:

COCHRANE POWER CORP.

The Cochrane Facility is a 42 MW natural-gas- and biomass-fired combined-cycle generating station that has been operational since 1990. The facility has a PPA with OEFC that expires in January 2015.

The facility is configured around a GE LM 2500 PE gas turbine coupled with a HRSG, and a steam turbine. The facility also produces steam by burning wood waste, which provides approximately 25% of the facility's capacity.

Northland owns the land and buildings of the Cochrane Facility and leases them to Cochrane Power Corp. under a long-term lease that expires September 2040. Northland operates and maintains the Cochrane Facility and manages Cochrane Power Corp. on behalf of the other shareholders under the terms of a management agreement with Cochrane Power Corp.

The lease and base management payment under the management agreement are both adjusted annually with changes to CPI. In addition, effective December 2013, Northland became entitled to a performance incentive fee equal to 75% of Cochrane Power Corp.'s cash flows after all operating and financing expenditures.

Northland has commenced negotiations with the OPA for a new contract for the facility.

KIRKLAND LAKE CORP.

The Kirkland Lake Facility comprises a 102 MW natural-gas- and biomass-fired baseload power plant that has been operational since 1991 and a 30 MW peaking facility that was built in 2004. The Kirkland Lake Facility has a long-term PPA with OEFC that will require renegotiation in August 2015 with respect to gas-fired sales (both baseload and peaking) and 2030 with respect to wood-fired sales. Northland has begun negotiations regarding the gas-fired rates.

The Kirkland Lake baseload plant comprises three GE LM 2500 gas turbines coupled with HRSGs and two steam turbines. Steam is also produced by three wood-waste fuelled combustors integrated with three boilers, which provide approximately 12% of the facility's net output.

The Kirkland Lake peaking plant comprises a GE LM 2500 Plus gas turbine which operates independently of the baseload plant and provides short-notice power to the Ontario electricity grid when required.

Northland owns the land and buildings at the Kirkland Lake plant site and has leased them to Kirkland Lake Corp. under a lease that expires in November 2041. Northland executed management agreements with Kirkland Lake Corp. regarding the original baseload plant and the later peaker plant, both of which expire in November 2041, under which Northland operates and maintains the Kirkland Lake Facility and manages Kirkland Lake Corp. on behalf of its other shareholders.

The base management payments under the Kirkland Lake Management Agreements are adjusted annually with changes to CPI. In addition, Northland is entitled to a performance incentive fee equal to 75% of Kirkland Lake Corp.'s cash flows after all operating and financing expenditures.

Thermal facility managed by a third party

The following describes the thermal facility that Northland has an economic interest in that is managed by a third party:

PANDA-BRANDYWINE

The Panda-Brandywine Facility is a 230 MW natural gas fired combined cycle facility located in Brandywine, Maryland, near Washington, D.C. Northland owns a 19% interest in the facility. The Panda-Brandywine Facility sells electrical capacity and energy to JP Morgan pursuant to a PPA that expires in May 2014. In 2013, JP Morgan notified Panda-Brandywine, L.P. that it would not be extending the PPA beyond May 2014, and as a result will be required to pay US$27.5 million to the Panda-Brandywine owners, no later than May 31, 2014. Upon payment of the US$27.5 million, the Panda-Brandywine Facility will be transferred to JP Morgan.

Wind Facilities

Northland owns and operates approximately 250 MW of wind generation facilities. Wind turbines harness and convert the kinetic energy of wind into electrical energy. Wind power projects are less technically complex than traditional thermal generation projects, and can be constructed in a much shorter time frame. Wind power projects also have much lower operating expenses because they do not require fuel and generally incur lower equipment maintenance costs. Northland's wind facilities are expected to produce more electricity in the winter because it tends to be windier than in the summer months.

The following describes Northland's current operating wind facilities:

JARDIN

The 127.5 MW Jardin Wind Farm is located primarily on leased agricultural land on the south shore of the St. Lawrence River, near Matane in the Gaspésie region of Quebec.

The Jardin Wind Farm comprises 85 GE 1.5sle wind turbines with a capacity of 1.5 MW each. Jardin entered into a 7-year operations support agreement with GE in June 2012, which provides ongoing maintenance and service on the wind turbines and related equipment.

Jardin has a 20-year PPA with Hydro-Québec to supply up to 150 MW of electricity and receives an incentive payment from the federal government for a period of 10 years under the ecoENERGY for Renewable Power program. Under the terms of its PPA, Jardin shares 75% of the ecoENERGY incentive with Hydro-Québec.

MONT LOUIS

The 100.5 MW Mont Louis wind farm is located near the town of Saint-Maxime-du-Mont-Louis in the Gaspésie region of Quebec on public land leased from the Quebec Ministry of Natural Resources.

Mont Louis comprises 67 GE 1.5sle wind turbines with a capacity of 1.5 MW each. Mont Louis has an 8-year operations support agreement with GE that provides ongoing maintenance and service on the wind turbines and related equipment.

Mont Louis has a 20-year PPA with Hydro-Québec to supply up to 100.5 MW of electricity and receives an incentive payment from the federal government for a period of 10 years under the ecoENERGY for Renewable Power program. Under the terms of the PPA, 75% of this incentive is shared with Hydro-Québec.

GERMAN WIND FARMS

Northland owns two operating wind farms in Germany with a total installed capacity of 21.5 MW.

The 7.2 MW Kavelstorf wind farm comprises four Nordex N60 1.3 MW turbines and two Nordex N54 1.0 MW turbines. The Kavelstorf wind farm is located in northern Germany near Rostock and has been operational since April 2001. The 14.3 MW Eckolstädt wind farm includes 11 Bonus Energy A/S (a member of the Siemens AG group) turbines rated at 1.3 MW each. The Eckolstädt wind farm is located near Jena in central Germany and has been operational since January 2000.

All electricity generated by the German Wind Farms is supplied to local power utilities under the terms of German federal government renewable energy legislation. Turbine maintenance contracts are in place with an affiliate of the turbine manufacturer at Kavelstorf and an experienced service provider at Eckolstädt. EDF EN Deutschland GmbH (formerly enXco GmbH), an entity with considerable wind power experience, manages the daily operations of the wind farms, and Northland provides general oversight.

Solar Facilities

Northland's solar facilities use PV technologies to convert sunlight into electricity. Solar power projects have much lower operating expenses than thermal or wind projects.

During development of Northland's solar projects, a specialized engineering consulting firm prepares long-term production estimates using many years of meteorological data.

Electricity production from solar projects tends to be less variable than wind and is generally higher in the summer than in winter.

The following describes Northland's current operating solar facilities:

GROUND-MOUNTED SOLAR PHASE 1 PROJECTS

Northland's Ground-mounted Solar Phase I Projects are comprised of six individual 10 MW projects totalling 60 MW and are located near Smith Falls and Belleville in eastern Ontario, and Huntsville in central Ontario. Each project has a 20-year PPA with the OPA's FIT Program.

The Ground-mounted Solar Phase I Projects use PV modules provided by MEMC Group of Companies and were constructed by Miwel Construction, a wholly-owned subsidiary of Aecon Group Inc. The projects achieved commercial operations sequentially between June and September 2013. The projects are operated and maintained by Northland.

LOBLAW ROOFTOP SOLAR PROJECTS

Northland operates and owns in partnership with Loblaw, four rooftop solar facilities that total approximately 1 MW. The Loblaw rooftop solar projects are in various municipalities in Ontario and achieved commercial operations throughout 2011. The facilities have 20-year guaranteed-price PPAs under the OPA's FIT Program.

Projects Under Construction

GROUND-MOUNTED SOLAR PHASE II PROJECTS

The three Ground-Mounted Solar Phase II projects are located in eastern and central Ontario. Two of the projects in Phase II reached commercial operations by February 2, 2014. Financing for those two projects was obtained from a group of bank lenders on September 24, 2013. The third project in Phase II which remains under construction is expected to be financed in the near future and is scheduled for completion by mid 2014. Capital cost of the Phase II projects is expected to be $155 million.

The first two projects of Phase II are being constructed by Miwel Construction, a wholly owned subsidiary of Aecon Group Inc., while the third project will be constructed by H.B White Canada Corp. The PV modules for all three projects are being supplied by MEMC Singapore PTE Ltd., and SMA Solar Technology Canada, Inc., respectively, with manufacturing completed in Ontario to meet the domestic content requirements of the FIT Program.

MCLEAN'S MOUNTAIN WIND FARM - ONTARIO

McLean's Mountain Wind Farm is a 60 MW (30 MW net Northland interest) wind project located on Manitoulin Island, Ontario which has been developed through a 50/50 partnership with the United Chiefs and Councils of Mnidoo Mnising First Nations. The project has a 20-year PPA with the OPA under the FIT Program. The project comprises 24 wind turbines supplied by GE and is being constructed by H.B. White Canada Corp. under a fixed price balance-of-plant contract.

Major construction activities for the McLean's Mountain Wind Farm began in May 2013. Site access roads, turbine foundations, 115 kV transmission line and submarine cable are now complete, and all of the project's 24 wind turbines have been erected. The main substation and switching station equipment is installed and being commissioned, while the collection system construction continues and wind turbines are prepared for commissioning activities.

The project is scheduled to achieve commercial operations in early 2014 and is projected to cost $185 million.

On October 1, 2013, McLean's reached financial close on a $135 million credit facility provided by a group of Canadian institutional lenders. The credit facility will be used to fund the project's construction and will convert to a term loan once the project reaches commercial operations and be fully amortized over the term of the PPA. The balance of the $185 million projected cost has been funded as equity investment by Northland and its First Nations partners in equal proportions.

Projects in Advanced Development

Northland has an expected net economic interest in 479 MW of renewable energy projects with contracted PPAs or electricity off-take agreements which it considers to be in the advanced development stage. These projects have a combined gross capacity of 790 MW and comprise: (i) the 600 MW Gemini Offshore Wind Project; (ii) 124 MW of onshore wind; (iii) 40 MW of ground-mounted solar; and (iv) 26 MW of hydro. The following table provides a summary of these projects; Northland's expected respective economic interest, the power off-takers and contract terms.

Advanced Development Projects	Gross Project Capacity	Northland's Economic Interest		Region	Contract Counterparty	PPA Term(1)
		%	Capacity			
Gemini Offshore Wind (2)	600.0 MW	60%	360.0 MW	Netherlands	The Government of The Netherlands	15 years
Grand Bend Wind Farm	100.0 MW	50%	50.0 MW	Ontario	OPA	20 years
Ground-mounted solar(3)	40.0 MW	100%	40.0 MW	Ontario	OPA	20 years
Kabinakagami Hydro	26.0 MW	50%	13.0 MW	Ontario	OPA	40 years
Frampton Wind Farm	24.0 MW	67%	16.0 MW	Quebec	Hydro-Québec	20 years

(1) From the commercial operations date.
(2) Shares are to be acquired prior to financial close.
(3) Construction activities at all four sites began in February 2014.

GEMINI OFFSHORE WIND PROJECT – NETHERLANDS

Northland entered into agreements in August 2013 for the rights to acquire a 55% equity stake in a consortium which owns the Gemini Offshore Wind Project, a 600 MW offshore wind project located 85 kilometres off the coast of the Netherlands in the North Sea. Subsequent to year-end, Northland entered into an agreement for the right to acquire an additional 5% of the project, bringing its total equity interest to 60%. The project was awarded 15-year electricity off-take agreements by the Government of The Netherlands in 2010 through a competitive tender under the government's Sustainable Energy Production Incentive (Stimulering Duurzame Energieproductie, "**SDE**") program. Once operational, the project will be one of the largest wind farms in the world, with anticipated electricity production capable of powering more than 785,000 households.

Northland has taken a lead role in completing the remaining outstanding development activities for Gemini, and is providing guidance and insight based on its depth of experience in project development and financing. Northland intends to continue its active leadership role during construction and into operations. Development of the project is well advanced. Major environmental permits have been received, contracts for turbine supply with Siemens and balance-of-plant engineering, construction and procurement with Van Oord are well advanced. Financing activities are also well advanced with commitments having been received for all the expected debt funding required including junior mezzanine debt and senior debt, subject to normal closing conditions (completion of due diligence, documentation, final approvals, etc.). Management expects the €2.2 billion of senior debt required for Gemini to be fully committed late in the first quarter of 2014 or early in the second quarter of 2014 and construction of the

Gemini Offshore Wind Project to start in late 2014 with the project targeted to reach commercial operations in 2017.

Gemini's total capital cost is projected to be approximately €2.8 billion and is expected to be funded from a combination of non-recourse project debt, mezzanine financing and equity from the consortium. Northland, and the other expected equity investors, including Siemens Project Ventures (20%), Van Oord (10%), and NV HVC (10%), are working to finalize financing from major international lenders, export credit and other governmental agencies, and pension funds. Northland's total investment, including its pro-rata equity share and mezzanine financing, is expected to be approximately CAD$550 million. Northland's final investment in the Gemini Offshore Wind Project is subject to meeting several conditions, including the completion of formal documentation and approval of Northland's Board of Directors. Funding sources include a combination of cash on hand, term loans for parts of the project that will be settled at commercial operations, Northland's corporate line of credit, and the potential issuance of preferred shares, convertible debentures, subscription receipts and/or common shares. Management's objective is to minimize the amount of dilutive equity raised while prudently maintaining healthy credit metrics.

Additional information regarding Northland's investment and the sources of capital are further enumerated in Northland's September 2013 Investor Day materials which can be found on Northland's website www.northlandpower.ca.

GRAND BEND WIND FARM – ONTARIO

Northland and an entity created by the Aamjiwnaang and Bkejwanong First Nations are jointly developing the 100 MW Grand Bend wind farm project under a 50/50 partnership. The project has a 20-year PPA with the OPA under the FIT program. Development of the project continues; the Renewable Energy Approval (**REA**) has been deemed complete, Ontario Energy Board "leave to construct" has been received for transmission infrastructure, and the contractor for the project has commenced engineering. Commercial operations are currently targeted for 2015.

GROUND-MOUNTED SOLAR PHASE III PROJECTS – ONTARIO

Northland has four solar projects remaining in advanced development with a total capacity of 40 MW. Environmental permitting is complete for all four projects with final REAs received, and initial site clearing began for one of the sites in December. The total capital cost is projected to be approximately $245 million, with the projects targeting to achieve commercial operations in early 2015.

KABINAKAGAMI HYDRO - ONTARIO

Northland is developing 26 MW of hydro power to be provided from four run-of-river projects on the Kabinakagami River near Hearst, Ontario. The projects are being developed in 50/50 partnership with Constance Lake First Nation. Permitting work to obtain the project's Environmental Assessment (**EA**) approval from the Ministry of Environment is nearing completion.

As acknowledgment of the unique regulatory approval requirements inherent to waterpower projects, the Ontario Minister of Energy directed the OPA last June to offer three-year extensions for all existing waterpower FIT PPAs, including Kabinakagami. The project capital cost estimate of $180 million, and anticipated commercial operation date of late 2017 to 2018 are currently under review.

FRAMPTON WIND PROJECT - QUEBEC

This 24 MW wind project will be located on the south shore of the St. Lawrence River near Frampton, Quebec, and will be 33% owned by the municipality of Frampton. Environmental permitting for the project is well advanced, and commercial operation is contracted for late 2015 under the PPA with Hydro-Québec. The project is expected to use Enercon wind turbines supplied from a Quebec manufacturing facility, and is forecast to have a capital cost of approximately $75 million.

Development Prospects

Northland actively pursues new power development opportunities that encompass a range of clean technologies, including natural gas, wind, solar and hydro, to provide a sustainable source of energy in various geographic regions and political jurisdictions. Northland believes this diversified strategy will mitigate the risk of adverse changes to local demographics or governmental policies.

During 2013 and through the date of this AIF, Northland continued to execute on its strategy of expanding its earlier-stage development pipeline in its targeted traditional Canadian market as well as moving into the US and other jurisdictions that meet the Company's investment criteria. A number of opportunities have been identified and are being developed across all technologies in Canada, the US and other markets. These new opportunities are in addition to several projects Northland already has under development. Northland's approach continues to be one of ensuring the balance between progressing development opportunities which meet the Company's investment criteria, while prudently managing the Company's cost exposure to earlier-stage projects.

Interest-Bearing Loans and Borrowings

Northland amended and restated its corporate credit facility with a syndicate of banks on May 31, 2011. The amended facility provides for a $250 million revolving credit facility (increased from $130 million) to assist in the funding of development activities, acquisitions and investments in projects as well as for general corporate purposes. The facility expires in May 2015 and has annual renewal options thereafter.

Northland generally finances projects through secured credit arrangements at the subsidiary level that are non-recourse to Northland. Northland's subsidiaries' interest-bearing loans and borrowings include the following:

	Note	Maturity	Rate(1)	As at December 31, 2013	As at December 31, 2012	As at December 31, 2011
Kingston LP	(a)	n/a	n/a	-	32,431	45,121

Thorold LP	(b)	2015, 2030	6.6%	**349,699**	361,527	373,205
Spy Hill LP	(c)	2036	4.1%	**151,790**	110,452	101,800
North Battleford LP	(d)	2032	5.0%	**658,706**	366,200	216,900
Jardin LP	(e)	2029	6.0%	**121,941**	126,804	146,854
Mont Louis LP	(f)	2031, 2032	6.6%	**113,401**	116,516	131,349
Ground-mounted Solar Phase I	(g)	2030	5.2/5.3%	**219,615**	151,200	-
Ground-mounted Solar Phase II	(h)	18 years(2)	5.7%	**64,800**	-	-
McLean's LP	(i)	2034	6.0%	**135,200**	-	-
Kirkland Lake Corp.	(j)	2015	7.1%	**6,418**	-	-
Total				**1,821,570**	**1,265,130**	**1,015,229**

(1) The weighted average interest rates of the subsidiary borrowings.
(2) From Term Conversion.

(a) On January 23, 2013, Kingston LP repaid its term loan and senior secured note in their entirety and settled related outstanding interest rate swaps.

(b) The Thorold LP senior loan was funded 50% by bank lenders and 50% by institutional lenders. The institutional tranche of the Thorold LP senior loan, representing $201 million at the outset, called for the first blended quarterly payment of principal and interest at 6.32% on December 31, 2010, in accordance with a schedule designed to fully amortize the loan over its term until maturity on March 31, 2030. The bank tranche of the Thorold LP senior loan, representing $199.1 million at the outset, was converted on November 30, 2010 to a term loan with payments of principal and interest at the prevailing rate plus an applicable spread over a 20-year amortization period to March 31, 2030, with maturity in September 2015. As required under provisions of the Thorold LP senior loan, Thorold LP entered into interest rate swap agreements that effectively fixed the interest rate of the bank tranche to March 2030. In the above table certain fair value adjustments are $23.1 million, $25.0 million and 26.9 million in December 31, 2013, December 31, 2012, and December 31, 2011, respectively.

(c) On January 21, 2013, Spy Hill LP's term loan was repaid in full with the proceeds of the issuance by Spy Hill LP of $156.3 million, 4.14% senior secured amortizing Series A bonds. The bonds require blended payments of principal and interest and will be amortized until maturity in March 2036, six months prior to the expiry of the PPA. The bonds were rated A (stable) by DBRS.

(d) On September 20, 2013, North Battleford LP's term loan and interest rate swaps were repaid in full with the proceeds of the issuance by North Battleford LP of $667.3 million, 4.958% senior secured amortizing Series A bonds. The bonds require blended payments of principal and interest and will be amortized until maturity in December 2032, six months prior to the expiry of the PPA. The bonds were rated A (low) by DBRS.

(e) On May 2, 2008, Jardin LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $153.0 million senior secured term loan ("**Jardin Senior Loan**"). Conversion to a term loan occurred on May 31, 2012. The Jardin Senior Loan is being repaid through quarterly blended payments of principal and interest at 6.0% until maturity on November 30, 2029, with the principal payments fully amortizing the loan over its term. Certain fair value adjustments to the Jardin Senior Loan are $7.6 million, $8.3 million and $9.0 million on December 31, 2013, December 31, 2012, and December 31, 2011, respectively.

(f) On November 17, 2010, Mont Louis LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $106 million senior secured term loan ("**Mont Louis Senior Loan**") and a $30 million bridge loan ("**Mont Louis Bridge Loan**"). Conversion to a term loan occurred on January 31, 2012. The Mont Louis Senior Loan is being repaid through quarterly blended payments of principal and interest at 6.6% until maturity on September 16, 2031, with the principal payments fully amortizing the loan over its term. Investissement Québec, a provincial government investment agency also loaned $13.9 million to Mont Louis; repayment of the loan is guaranteed by Northland. The Investissement Québec loan is interest free until April 2015, at which time interest will be charged at the annual rate of 5% until April 2017. After 2017 and until the loan's maturity in March 2032, interest will be charged at the annual rate of 5.5%. The principal balance outstanding is due upon maturity of the loan in March 2032. The Mont Louis Bridge Loan was provided to help fund the cost of the substation and collection system pending receipt of a cost reimbursement payment from Hydro-Québec Distribution, and was repaid in June 2012.

(g) On July 16, 2012, the Ground-mounted Solar Phase I Projects completed $227 million of non-recourse project financing for six solar projects totalling 60 MW comprising Ground-mounted Solar Phase I Projects, which are located in Ontario. The non-recourse credit facility is provided by a syndicate of banks with $115 million allocated to three projects ("**Cluster 1**") and $112 million allocated to the remaining three projects ("**Cluster 2**"). Once term conversion is achieved, the loans will require blended payments of principal and interest based on an 18-year amortization period. As required under the loan provisions, the projects entered into interest rate swap agreements to effectively fix the variable interest rate of the non-recourse debt. The loans and interest rate swaps have a term to December 31, 2030, to cover both loan advances during construction and debt repayments during the commercial operations period. The all-in rate including interest rate swaps and credit spreads for the first four years after term conversion is 5.2% for Cluster 1 and 5.3% for Cluster 2.

(h) On September 24, 2013, certain Ground-mounted Solar Entities completed $84 million of non-recourse project financing and a $4.5 million letter of credit facility for two of the sites within Ground-mounted Solar Phase II with two commercial banks. Once term conversion is achieved, the loan will require blended payments of principal and interest based on an 18-year amortization period. As required under the loan provisions, on October 11, 2013, Northland entered into interest rate swaps to effectively fix the variable interest rate of the non-recourse debt. The all-in rate including interest rate swaps and credit spreads is 5.735%.

(i) On October 1, 2013, McLean's LP entered into a non-recourse credit facility with a syndicate of institutional lenders for a $135 million senior secured construction and term loan. The senior debt will be repaid through quarterly blended payments of principal and interest starting on March 31, 2017 until maturity on March 31, 2034, with the principal payments fully amortizing the loan over this period. The senior debt was funded at closing and bears interest, paid quarterly (monthly prior to term conversion), at a rate of 6.01%.

(j) On November 13, 2003, Kirkland Lake Corp. entered into a construction and term loan for $30 million to finance the construction of its natural gas peaking facility. On successful project completion, the construction loan was converted to a term loan bearing interest at 7.07% and is being repaid in 121 blended monthly principal and interest payments until maturity on February 28, 2015.

Debt Covenants

As indicated above, Northland primarily conducts its business indirectly through separate subsidiary legal entities and raises financing through the project finance approach whereby projects are constructed using a combination of equity provided by Northland and non-recourse project finance debt sourced by the subsidiary entity. Under the credit agreements or trust indentures for such debt, distributions of cash to Northland are typically prohibited if a loan is in default or if a project fails to achieve its minimum benchmark debt service coverage ratio (**DSCR**), in which case excess cash will be retained at the project level until the next distribution date when the benchmark is achieved.

The applicable covenant restrictions are set out below:

NORTHLAND CORPORATE FACILITY

Northland and its subsidiary Iroquois Falls Corp. have a credit facility with sub-limits totalling $250 million to assist with Northland's expansion funding, letters of credit and Iroquois Falls Corp.'s general corporate purposes. Amounts drawn under the credit facility are principally collateralized by general security and charge agreements that constitute a first-priority lien on all of the real property and all of the present and future property and assets of Iroquois Falls and Northland. As at December 31, 2013, letters of credit totalling $161.0 million were outstanding under this facility, and Iroquois Falls Corp. had $nil of borrowings outstanding under its operating facility. As long as there are advances to Iroquois Falls Corp. under the operating line or to Northland under the acquisition line, certain DSCRs must be met by Iroquois Falls Corp. Northland is subject to the covenant that the ratio of the consolidated debt of Northland, including outstanding letters of credit, to consolidated capitalization, which is debt plus equity, may not exceed 70% as calculated on a quarterly basis. If these covenants are not met, transfers from Iroquois Falls to Northland and dividends to shareholders may be restricted until the financial ratios are met.

THOROLD LP

The Thorold LP credit agreement requires that Thorold LP achieve a DSCR of at least 1.15 for the 12-month period prior to each quarterly distribution. Thorold may also be required to fund certain reserve accounts, primarily a debt service reserve equal to six months of scheduled principal and interest payments, if the DSCR is between 1.15 and 1.40.

SPY HILL

As described previously, on January 21, 2013, Spy Hill LP's bank debt was repaid in full with the proceeds of $156.3 million, 4.14% senior secured amortizing bonds issued by Spy Hill LP. The Spy Hill LP bond trust indenture requires that Spy Hill LP maintain a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution. Spy Hill LP is also required to fund three reserve accounts: a six-month debt service reserve, a major maintenance reserve, and an unplanned maintenance reserve.

NORTH BATTLEFORD

As described previously, on September 20, 2013, North Battleford's bank debt was repaid in full with the proceeds of $667.3 million, 4.958% senior secured amortizing bonds issued by North Battleford LP. The North Battleford LP bond trust indenture requires that North Battleford LP maintain a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution. North Battleford is also required to fund two reserve accounts: a six-month debt service reserve and a major maintenance reserve.

JARDIN LP

The Jardin LP credit agreement governing the term debt of Jardin LP requires that a DSCR of at least 1.15 be achieved for the 12-month period ending on the immediately preceding distribution date for each quarterly distribution. Failure to achieve that benchmark requires the retention of any excess cash by Jardin until the next distribution date when the benchmark is achieved.

MONT LOUIS LP

The Mont Louis LP credit agreement governing the term debt of Mont Louis LP requires that a DSCR of at least 1.20 be achieved for the 12-month period ending on the immediately preceding distribution date for each quarterly distribution. There are no debt covenants associated with the Investissement Québec loan.

SOLAR

The Cluster 1 and Cluster 2 credit agreements entered into by Ground-mounted Solar Phase I Projects require a DSCR of at least 1.20 for the 12-month period prior to each quarterly distribution, once the construction debt has been converted to term debt.

OTHER

Once the McLean's LP, the Ground-mounted Solar Phase II Projects and the Ground-mounted Solar Phase III Projects reach term conversion, they will be subject to similar debt covenants.

DIVIDENDS

Sustainability of Dividends

Northland's board and management are committed to maintaining the current dividend of $0.09 per Common Share per month. Northland's management and board have anticipated the impact of growth on the payment of dividends and are confident that Northland has adequate access to funds to meet its dividend commitment from operating cash flows, cash and cash equivalents on hand and, as necessary, its line of credit or external capital.

Northland has established a dividend reinvestment plan whereby Common shareholders and the Class A shareholder may elect to reinvest their dividends in Common Shares of Northland to be issued from treasury at up to a 5% discount to the market price. While the future uptake on Northland's revised DRIP is uncertain, average participation since inception has been 27%. Based on a review of comparable companies with similar DRIP programs, management expects that the net result will be a material reinvestment of cash dividends into Northland, improving the efficiency and reducing the cost of raising equity for future projects.

The Company distributed a total of $1.08 in cash or Common Shares per Common Share to Shareholders for the year ended December 31, 2013 (2012 – $1.08 per Share; 2011 – $1.08 per Unit).

History of Dividends

The following table shows per Common Share cash dividends declared monthly for the past 3 completed financial years.

Dividends Declared per Share ($)

Month	2013	2012	2011
January	0.0900	0.0900	0.0900
February	0.0900	0.0900	0.0900
March	0.0900	0.0900	0.0900
April	0.0900	0.0900	0.0900
May	0.0900	0.0900	0.0900
June	0.0900	0.0900	0.0900
July	0.0900	0.0900	0.0900
August	0.0900	0.0900	0.0900
September	0.0900	0.0900	0.0900
October	0.0900	0.0900	0.0900
November	0.0900	0.0900	0.0900
December	0.0900	0.0900	0.0900
	1.0800	1.0800	1.0800

The following table shows per Series 1 Preferred Share dividends declared quarterly for the past 3 years.

Dividends Declared per Series 1 Preferred Share ($)

Month	2013	2012	2011
March	0.3281	0.3281	0.3281
June	0.3281	0.3281	0.3281
September	0.3281	0.3281	0.3281
December	0.3281	0.3281	0.3281
	1.3124	1.3124	1.3124

The following table shows per Series 3 Preferred Share dividends declared quarterly for the past 3 years.

Dividends Declared per Series 3 Preferred Share ($)

Month	2013	2012	2011
March	0.3125	0.0000	0.0000
June	0.3125	0.1267	0.0000
September	0.3125	0.3125	0.0000
December	0.3125	0.3125	0.0000
	1.2500	0.7517	0.0000

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reference is made to the information under the heading "Management's Discussion and Analysis" of Northland's 2013 Annual Report, which is incorporated herein by reference. The 2013 Annual Report is posted on SEDAR, at www.sedar.com under Northland's profile, and on Northland's website, www.northlandpower.ca.

CAPITAL STRUCTURE

Pursuant to the Arrangement, on January 1, 2011, the Fund's Units were exchanged for Common Shares of Northland on a one-for-one basis, and the Series 1 Preferred Shares of Prefco became Series 1 Preferred Shares of Northland. The Class A Units, Class B Units and Class C Units of Holdings LP were exchanged for Class A Shares, Class B Convertible Shares and Class C Convertible Shares of Northland.

Northland is authorized under its Articles to issue the following classes of shares:

- an unlimited number of Common Shares;
- 42,478,451 Class A Shares;
- 8,067,723 Class B Convertible Shares;
- 8,496,078 Class C Convertible Shares; and

- an unlimited number of Preferred Shares, issuable in series, of which:
    - 6,000,000 have been designated as Series 1 Shares;
    - 6,000,000 have been designated as Series 2 Shares;
    - 4,800,000 have been designated as Series 3 Shares; and
    - 4,800,000 have been designated as Series 4 Shares.

As at December 31, 2013, Northland had outstanding 131,978,711 Common Shares (2012 - 86,041,930 Common Shares), 6,000,000 Series 1 Preferred Shares, 4,800,000 Series 3 Preferred Shares, and 1,000,000 Class A Shares. During the year, a total of $11.4 million (2012 - $10.5 million) of the 2014 Debentures were converted into 920,434 (2012 – 844,737) Common Shares. There were also 1,029,481 Common Shares issued as part of Northland's LTIP. Finally, an additional 2,018,112 Common Shares were issued under Northland's DRIP. On August 22, 2013, Northland's remaining Class C Shares and all of its Class B Shares were converted to Class A Shares. Once the Class C and B Shares were converted into Class A shares, they were subsequently converted into the equivalent number (12,357,531) of Common Shares (see "General Development of the Business – Conversion of Merger Shares").

The following is a summary of rights, privileges, restrictions and conditions attached to the Common Shares, Class A Shares, Class B Convertible Shares, Class C Convertible Shares, Series 1 & 2 preferred shares and the Series 3 & 4 preferred shares. All Class B Convertible Shares and Class C Convertible Shares were converted into Common Shares during 2013. No further Class B Convertible Shares and Class C Convertible Shares are authorized for issuance.

Description of the Common Shares

Holders of Common Shares are entitled to one vote in respect of each Common Share held at any meeting of the shareholders of Northland except meetings at which only the holders of a specified class or series of shares of Northland are entitled to vote. Subject to the rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors in its discretion from time to time. In addition, subject to the prior rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of the Common Shares are entitled to that portion of the balance of the assets of Northland equal to the ratio that the outstanding number of Common Shares is to the aggregate of the number of Common Shares outstanding and the product of the number of Class A Shares outstanding and the Class A Conversion Rate (as defined in the Company's articles) upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its shareholders.

Description of the Class A Shares

The Class A Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below under "Capital Structure – Appointment Rights of Class A Shares". The Class A Shares, all of which are held by NPHI, are non-transferable, except on a reorganization of NPHI. On liquidation, subject to the rights of the Preferred Shares and the Common Shares, the holders of the Class A Shares share in the distribution of the balance of the assets of Northland.

Description of the Class B Convertible Shares

The Class B Convertible Shares were convertible into Class A Shares on a one-for-one basis based on development profits (as defined in the Company's articles) generated by qualifying projects of Northland only after all Class C Convertible Shares had been converted as described under "General Development of the Business – Conversion of Merger Shares". The Class B Convertible Shares were non-voting and were not entitled to dividends. Each Class B Convertible Share had the right to receive $0.001 per share on liquidation. The Class B Convertible Shares, all of which were held by NPHI, were converted into Class A Shares and subsequently into Common Shares during 2013. No further Class B Convertible Shares are authorized for issuance.

Description of the Class C Convertible Shares

The Class C Convertible Shares were convertible into Class A Shares on a one-for-one basis based on the first $100 million of development profits (as defined in the Company's Articles) generated by qualifying projects of Northland as described under "General Development of the Business – Conversion of Merger Shares". The Class C Convertible Shares were entitled to one vote per share and carried specified appointment rights for directors of Northland as described below under "Capital Structure – Appointment Rights of Class A Shares". The Class C Convertible Shares were not entitled to dividends but had the right to receive $0.001 per share on liquidation. The Class C Convertible Shares, all of which were held by NPHI were converted into Class A Shares and subsequently Common Shares during 2013. No further Class C Convertible Shares are authorized for issuance.

Appointment Rights of Class A Shares

NPHI, as the only holder of the Class A Shares can exercise special appointment rights for directors as long as it holds Class A Shares and the thresholds described in the Articles are met. If NPHI converts all of the Class A Shares that it holds into Common Shares, it will no longer have special director appointment rights.

So long as NPHI is controlled directly or indirectly by James C. Temerty and the aggregate number of votes attributed to the Class A Shares and the NPHI Held Common Shares represents at least 15% of the votes attributed to the Voting Shares outstanding, holders of the Class A Shares will have the right to elect 49% of the directors of the Company and if such NPHI ownership threshold is less than 15% but at least 10% of the Voting Shares, then NPHI's right to elect directors of the Company is reduced to 40% of the directors.

If NPHI is controlled directly or indirectly by a Temerty Entity (and not Mr. Temerty), and the aggregate number of votes attributed to the Class A Shares and Temerty Entity Held Common Shares represents at least 20% of the votes attributed to the Voting Shares outstanding, then holders of the Class A Shares will have the right to elect up to 49% of the directors of the Company, or 40% of the directors of the Company if the ownership threshold is less than 20% but at least 15%.

NPHI can decide whether to exercise the special director election rights for any particular director election. If NPHI exercises the special director election rights for a particular election, then the holders of the Common Shares are entitled to elect the balance of the directors. If NPHI does not elect to exercise, the holders of the Class A Shares vote with the holders of the Common Shares for all directors.

Replacement Rights

In connection with the Merger, the Fund issued 6,032,191 Replacement Rights (subsequently assumed by the Company) in settlement of Northland's obligations under the NPI LTIP and entered into a Rights Exchange Agreement with each NPI LTIP Participant. Pursuant to the Rights Exchange Agreements, each NPI LTIP Participant relinquished his LTIP Rights in exchange for Replacement Rights which subsequent to the Arrangement represent rights to acquire Common Shares on a one-for-one basis for no additional consideration on or after the Conversion Date. By December 31, 2013, all Replacement Rights had been exchanged for Common Shares of Northland and there are no further Replacement Rights outstanding.

Description of the Preferred Shares as a Class

Issuance in Series

The Board of Directors may from time to time issue preferred shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the Board of Directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of preferred shares.

Voting

Subject to applicable corporate law, the preferred shares of each series shall be non-voting and not entitled to receive notice of any meeting of shareholders, provided that the designation, rights, privileges, restrictions and conditions may provide that if Northland shall fail, for a specified period, which is at least two years, to pay dividends at the prescribed rate on any series of the preferred shares, thereupon, and so long as any such dividends shall remain in arrears, the holders of that series of preferred shares shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class or series of shares are entitled to attend.

Dividends

Payments of dividends and other amounts in respect of the preferred shares will be made by Northland to CDS, or its nominee, as the case may be, as registered holder of the preferred shares. As long as CDS, or its nominee, is the registered holder of the preferred shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the preferred shares for the purposes of receiving payment on the preferred shares.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of preferred shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

Series 1 and 2 Preferred Shares

On July 28, 2010, Northland issued 6.0 million Series 1 Preferred Shares at a price of $25.00 per share, for gross proceeds of $150 million. The holders of Series 1 Preferred Shares are entitled to receive fixed cumulative preferential cash dividends at an annual rate of $1.3125 per share, payable quarterly, as and when declared by Northland's board of directors. The Series 1 Preferred Shares yield 5.25% annually for the initial five-year period ending September 30, 2015, with the first dividend payment having occurred on September 30, 2010. The dividend rate will reset on September 30, 2015, and every five years thereafter at a rate equal to the then five-year Government of Canada bond yield plus 2.80%. The Series 1 Preferred Shares are redeemable on September 30, 2015, and on September 30 of every fifth year thereafter.

The holders of Series 1 Preferred Shares have the right, at their option, to convert their shares into Series 2 Preferred Shares, subject to certain conditions, on September 30, 2015, and on September 30 of every fifth year thereafter. The Series 2 Preferred Shares carry the same features as the Series 1 Preferred Shares, except that holders will be entitled to receive quarterly floating-rate cumulative dividends, as and when declared by the board of directors, at a rate equal to the then three-month Government of Canada treasury bill yield plus 2.80%. The holders of Series 2 Preferred Shares will have the right to convert their shares back into Series 1 Preferred Shares on September 30, 2020, and on September 30 of every fifth year thereafter.

Series 3 and 4 Preferred Shares

On May 24, 2012, Northland issued 4.8 million Series 3 Preferred Shares at a price of $25.00 per share, for gross proceeds of $120 million. The holders of the Series 3 Preferred Shares are entitled to fixed cumulative dividends at an annual rate of $1.25 per share, payable quarterly, as and when declared by the Board of Directors of Northland. The Series 3 Preferred Shares yield 5% annually at the issue price for the initial five-year period ending December 31, 2017. The dividend rate will reset on December 31, 2017 and every five years thereafter at a rate equal to the then five-year Government of Canada Bond yield plus 3.46%. The Series 3 Preferred Shares are redeemable on December 31, 2017 and on December 31 of every fifth year thereafter.

The holders of the Series 3 Preferred Shares have the right, at their option, to convert their shares into Series 4 Preferred Shares, subject to certain conditions, on December 31, 2017 and on December 31 of every fifth year thereafter. The Series 4 Preferred Shares carry the same features as the Series 3 Preferred Shares, except that holders will be entitled to receive quarterly floating rate cumulative dividends, as and when declared by the Board of Directors at a rate equal to the then 90-day Government of Canada Treasury Bill yield plus 3.46%. The holders of the Series 4 Preferred Shares have the right to convert their shares into Series 3 Preferred Shares on December 31, 2022 and on December 31 of every fifth year thereafter.

Convertible Debentures

Northland's outstanding 6.5% convertible unsecured subordinated debentures matured on June 30, 2011 and were repaid in full.

In 2009, Northland issued 6.25% convertible unsecured subordinated debentures due December 31, 2014 (the "**2014 Debentures**") for net proceeds of $88.1 million. The 2014 Debentures are convertible into fully paid Common Shares of Northland at the option of the holder at a conversion price of $12.42 per Common Share and are redeemable by Northland on or following January 1, 2013, provided that the trading price of Northland's Common Shares reaches certain levels. Northland may at its option satisfy its obligation to pay the redemption price of the 2014 Debentures in Common Shares of Northland at maturity. Northland determined that the fair value of the embedded holder option at the time of issue was nominal, and as a result the entire amount of the 2014 Debentures was classified as a long-term liability. As at December 31, 2013, the book value of 2014 Debentures excluding costs of issuance is $16.7 million.

The payment of principal and interest on the 2014 Debentures is subordinated in right of payment to the prior payment of all senior indebtedness of Northland.

RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities.

On November 27, 2013, Standard & Poor's credit rating agency upgraded Northland's corporate rating to BBB Stable from BBB-. Standard & Poor's report credited Northland's consistent cash flow generation, coupled with the completion of its North Battleford project on time and within budget as the reason for the upgrade. In addition, an update was made to Northland's preferred share rating and unsecured debt rating. The Series 1 Preferred Shares and Series 3 Preferred Shares ratings were upgraded on Standard & Poor's global scale and Canada to BB+ and P-3 (High) from BB and P-3, respectively.

A Standard & Poor's issuer credit rating is a forward-looking opinion about an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. Such opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. Standard & Poor's ratings for long-term debt instrument range from a high of AAA to a low CC. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. According to Standard & Poor's rating system, an obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). The outlook may be qualified as Positive, Negative, Stable, Developing or N.M. (not meaningful). A Stable rating outlook means that a rating is not likely to change.

The Series 1 Preferred Shares and Series 3 Preferred Shares have each been given a Canadian scale rating of P-3 by Standard & Poor's. Such P-3 rating is the tenth of twenty ratings used by Standard & Poor's in its Canadian preferred share rating scale (the first rating being the highest and the twentieth rating being the lowest). According to Standard & Poor's, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

Northland has paid applicable service fees to Standard & Poor's for the rating of Northland, the Series 1 Preferred Shares and the Series 3 Preferred Shares along with the annual review thereof.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

MATERIAL CONTRACTS

Northland or its affiliates entered into a number of material contracts in 2013 or prior to 2013 which are still in effect. These contracts are as follows:

(a) the CD Indenture;

(b) the Pre-emptive Rights, Tendering and Voting Agreement dated the 8th day of December, 2010 between a predecessor of the Company and NPHI, described below.

The CD Indenture

The CD Indenture was entered into between the Fund and Computershare, as trustee, (the "**Debenture Trustee**") as of August 26, 2004. It was amended and restated as of October 14, 2009, supplemented by the first supplemental indenture dated October 15, 2009 (to provide for the issuance of the 2014 Debentures) and by the second supplemental indenture dated January 1, 2011 (to reflect the change in the issuer from the Fund to Northland).

The CD Indenture permits the issuance of Debentures without limitation as to the aggregate principal amount. The only Debentures that are currently outstanding are the 2014 Debentures (see "Capital Structure - 2014 Debentures").

The Debentures are direct obligations of Northland and are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to all Senior Indebtedness. The Debentures rank *pari passu* with every other series of Debentures. The CD Indenture does not limit the ability of Northland to incur additional indebtedness, including additional Senior Indebtedness.

Pre-Emptive Rights, Tendering and Voting Agreement

Northland and NPHI have entered into the Pre-emptive Rights, Tendering and Voting Agreement, which provides that for so long as James C. Temerty and/or a Temerty Entity controls NPHI and for so long as NPHI and James C. Temerty and/or the Temerty Entities collectively hold, directly or indirectly, not less than 20% of the issued and outstanding Common Shares, Class A Shares and Class C Convertible Shares, taken together, no Common Shares or securities convertible into or exchangeable for Common Shares will be issued by Northland and no option or other right for the purchase of or subscription for any such securities will be granted unless NPHI is offered the opportunity to purchase such securities in such issuance on a pro-rata basis, but only to the extent necessary to maintain its proportional fully diluted interest in Northland. The pre-emptive right of NPHI will not apply to: (i) the issue of any Common Shares outstanding pursuant to any rights to acquire such Common Shares that were outstanding as of January 1, 2011; (ii) any employee or executive compensation arrangement; and (iii) the dividend reinvestment plan of Northland.

If an offeror makes a take-over bid for the Common Shares, including Common Shares issuable upon conversion, exercise or exchange of securities that are convertible into or exchangeable for Common Shares without the payment of additional consideration ("**Exchangeable Securities**") (other than Common Shares held by the offeror or an affiliate of the offeror), and the offeror within 120 days after the date of the take-over bid acquires pursuant to that offer not less than 90% of the Common Shares outstanding and issuable pursuant to the Exchangeable Securities, taken together (other than Common Shares and Common Shares issuable upon the exchange, conversion or exercise of any outstanding Exchangeable Securities held at the date of the take-over bid by or on behalf of or issuable to the offeror or associates or affiliates of the offeror), NPHI will be required to convert its Class A Shares into Common Shares so that the offeror will have the right to compulsorily acquire such Common Shares.

In addition, if a special resolution of the holders of the Common Shares, Class A Shares and Class C Convertible Shares, voting together, is passed to: (i) amend the articles of Northland if the holders of the Common Shares, Class A Shares and Class C Convertible Shares would be entitled to a class vote solely because the change is (a) to add to the rights or privileges of any class or series of shares having rights or privileges equal or superior to the Common Shares or Class A Shares or (b) to make any class or series of shares equal to or superior to the Common Shares or Class A Shares; or (ii) to approve an amalgamation or an arrangement which would have such effect, and such change does not affect the Class A Shares in a different manner from the Common Shares, then will cast its votes, or sign a written resolution in connection with such class vote in favour of the amendment to the articles, the amalgamation or arrangement, as the case may be.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSX under the symbol "NPI". The table below sets forth the reported high and low trading prices and trading volumes of the Common Shares as reported by the TSX during 2013:

Month 2013	High	Low	Volume
January	$19.82	$18.61	2,156,600
February	19.66	18.61	2,888,800
March	19.00	18.05	4,887,200
April	19.75	18.31	2,646,500
May	19.68	18.49	2,905,800
June	18.53	16.05	4,495,600
July	17.54	16.40	3,802,000
August	16.88	14.07	6,755,100

Month 2013	High	Low	Volume
September	15.81	14.07	5,401,000
October	17.30	15.31	5,878,000
November	16.58	15.66	4,908,000
December	15.00	15.03	4,047,360

The outstanding 2014 Debentures are listed for trading on the TSX under the symbol "NPI.DB.A". The table below sets forth the reported high and low trading prices and trading volumes of the 2014 Debentures as reported by the TSX during 2013:

Month 2013	High	Low	Volume
January	155.00	150.00	2,400
February	155.38	145.00	70,000
March	151.00	140.50	2,400
April	157.50	141.02	8,900
May	157.14	149.82	5,200
June	146.76	136.00	2,800
July	139.40	133.08	1,800
August	132.11	114.12	1,800
September	125.60	115.00	2,200
October	136.19	124.32	500
November	131.63	126.77	1,200
December	126.64	121.98	1,670

The outstanding Series 1 Preferred Shares are listed for trading on the TSX under the symbol "NPI.PR.A". The table below sets forth the reported high and low trading prices and trading volumes of the Series 1 Preferred Shares as reported by the TSX in 2013:

Month 2013	High	Low	Volume
January	25.78	25.40	99,300
February	25.85	25.60	62,000
March	25.73	25.27	47,400
April	26.30	25.27	277,100
May	26.33	25.43	89,500
June	25.70	25.01	136,200
July	25.64	24.56	239,500
August	25.33	21.68	164,400
September	23.49	22.25	139,600
October	23.36	20.45	407,200
November	21.50	19.74	188,500
December	21.41	20.13	293,462

The outstanding Series 3 Preferred Shares are listed for trading on the TSX under the symbol "NPI.PR.C". The table below sets forth the reported high and low trading prices and trading volumes of the Series 3 Preferred Shares as reported by the TSX in 2013:

Month 2013	High	Low	Volume
January	26.25	25.65	85,900
February	26.79	26.10	101,200
March	26.99	25.84	77,200
April	26.44	25.53	74,300
May	26.47	25.75	109,100
June	26.37	24.39	132,700
July	25.39	24.76	112,100
August	25.30	22.86	139,200
September	24.11	23.07	132,300
October	24.08	22.66	207,600
November	24.75	23.16	120,700
December	24.58	22.78	111,048

RISK FACTORS

Northland's overall risk management approach seeks to mitigate risk, when feasible, in order to maintain stable predictable and sustainable levels of cash available to pay dividends to shareholders. Northland does not seek to mitigate fair value risk.

The following are certain risk factors that affect Northland and its businesses. The following information is only a summary of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and the documents referred to herein, including Northland's 2013 Annual Report and Annual MD&A.

Contracts and Contract Counterparties

Northland's operating facilities earn revenue under long-term PPAs that generally have initial terms of 20 to 25 years. In addition, Northland earns management and performance incentive fees from its three managed plants; Cochrane, Kirkland Lake and Chapais. The PPAs for Cochrane and Chapais expire in 2015. The PPA for Kirkland Lake requires that the rates for gas fuelled capacity and energy payments in years 26 to 40 of the term to be negotiated prior to the end of year 25 of the term. For Kingston, the Agreement (PPA) may be renewed beyond 2017 upon request by Kingston for a further term of 60 consecutive months minimum, subject to rates, terms and conditions to be negotiated at the time. For Iroquois Falls, the Agreement (PPA) may be renewed beyond 2021 upon request by either party for a further five (5) year term, subject to terms and conditions to be negotiated.

As Northland's PPAs and/or fuel supply contracts expire, Northland may be able to extend them or enter into new contracts. The renegotiation of certain contract provisions could entail capital investments for plant modifications and/or result in reduced facility profitability due to lower sales volumes, different operating modes or reduced margins. Any reduction in plant profitability under new contracts will be partially mitigated by the fact that Northland has financed its facilities using project debt that is scheduled to be fully amortized by the expiry of the associated PPAs. There can be no assurance that Northland will be able to extend the existing PPAs or enter into new contracts.

The amount of cash flow generated by Northland is dependent upon the counterparties to Northland's long-term contracts continuing to fulfill their contractual obligations. In particular, because electricity sales provide nearly all of the revenue from Northland's facilities, the failure of OEFC, OPA, Hydro-Québec or SaskPower to meet their contractual obligations would have an adverse effect on cash flow. The risk associated with non-performance by the PPA counterparties is partially mitigated by the fact that all are highly-rated with respect to credit quality.

The German wind farms receive revenue in accordance with German renewable energy legislation. There is no guarantee that this legislation will not be changed, which may reduce the amount of cash flow received.

Steam sales at Iroquois Falls and Thorold constitute a secondary source of cash flow for Northland. Iroquois Falls and Thorold are obligated to respond to fluctuations in steam requirements. Unexpectedly large short-term fluctuations in steam demand could increase natural gas consumption without a proportionate increase in steam revenue. Decreases in demand for steam could negatively impact steam revenues where take or pay provisions or other contract mitigations do not apply.

Northland and its subsidiaries contract with many third-party suppliers for equipment and services used during the construction of new facilities. The failure of any supplier to meet its obligations could cause Northland to experience construction delays or cost overruns and could, in turn, prevent those projects from meeting obligations under PPAs or financing agreements.

Northland's operating facilities contract with third-party equipment maintenance and service providers, primarily related to gas turbine inspections and maintenance. The failure of any maintenance and service provider to meet its obligations could cause those facilities to experience downtime which could reduce cash flows available to Northland.

Financial counterparty risk arises primarily from holding cash and cash equivalents at banks and financial institutions, counterparty exposure arising from derivative financial instruments with banks, financial institutions and other derivative providers, unfunded credit commitments from banks and financial institutions, and receivables due from customers. The maximum exposure to counterparty risk, other than for unfunded credit commitments, is equal to the carrying value of the financial assets. The inability of a counterparty to perform under agreements with Northland could have a material impact on Northland's assets and or cash flow.

Electricity Sales and Price

The Iroquois Falls and Kingston PPAs provide higher prices for electricity produced during on-peak periods (the largest component of electricity revenue) if the facilities meet contractually defined monthly on-peak production targets. Iroquois Falls' on-peak premium is reduced if it produces less than 80% of its target; there is no on-peak premium if production is less than 60% of the target. Kingston does not receive an on-peak premium if it delivers less than 80% of its target; however, during events of force majeure the on-peak production target is reduced by the number of on-peak force majeure hours.

The Thorold PPA provides for a monthly revenue requirement that may be reduced if Thorold is unable to operate according to the terms and conditions in the PPA. Thorold does not have a monthly production target, but is required to meet minimum expected availability targets. During periods of force majeure (which are excluded from the availability target calculation), the revenue requirement is reduced based on the proportion of force majeure hours to expected operating hours. The revenue requirement may also be reduced by the difference between gross profit deemed under the PPA and actual gross profit Thorold earned from the Ontario electricity market. Although Thorold has historically operated at or above contractual levels, there is a risk that external market factors or maintenance issues may reduce Thorold’s ability to do so in the future.

The Spy Hill PPA provides a monthly capacity payment that may be affected if Spy Hill is unable to operate when requested by SaskPower. If Spy Hill does not meet minimum availability targets it may be subject to a maximum annual penalty of $4 million.

The North Battleford PPA provides a monthly capacity-based payment that may be affected if North Battleford is unable to operate the facility so electricity delivered exceeds levels specified in the PPA based on ambient temperatures. If North Battleford does not meet minimum delivered electricity targets it may be subject to a maximum annual penalty of $15 million.

The Kirkland Lake and Cochrane PPAs provide energy payments for electricity delivered during the month, and also include additional capacity payments for electricity delivered during on-peak hours (7:00 am to 11:00 pm) on non-holiday week days if the total on-peak electricity delivered exceeds a level specified in the PPAs.

The Jardin LP and Mont Louis LP PPAs include financial penalties if the three-year rolling average production for each wind farm is less than 95% of a PPA-defined target. In addition, there is a reduction in the electricity price for production that exceeds 120% of the target. There are no production obligations within German legislation that affect payments to the German wind farms.

There are no production obligations in the Ground-mounted Solar Phase I PPAs that affect payments to the solar facilities.

Variability of Renewable Revenue

The wind and solar resources at Northland’s wind and solar farms will vary. Although management believes that the resource surveys and historical production data that have been collected demonstrate that the sites are economically viable, weather patterns could change or the historical data and technical predictions could prove not to reflect accurately the strength and consistency of the resources in the future. If there is insufficient resource, the underlying financial projections regarding the amount of electricity to be generated by the renewable farms may not be met, and cash flow and the ability to meet debt service obligations could be adversely affected.

Fuel Supply, Transportation and Price

Certain natural-gas-fired facilities and the biomass facilities owned or managed by Northland may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. To the extent possible, such facilities attempt to match fuel cost setting mechanisms in supply agreements to PPA energy payment formulas. To the extent that fuel costs are not fully matched to PPA energy payments, increases in fuel costs may adversely affect the profitability of the facilities. To the extent there is insufficient fuel supply, the profitability of the facilities may be adversely affected.

The amount of energy to be generated at certain facilities is highly dependent on suppliers under certain natural gas fuel supply agreements fulfilling their contractual obligations. The loss of significant fuel supply agreements or an inability or failure by any supplier to meet its contractual commitments could have an adverse impact on the facilities' ability to produce electricity and steam, which would, in turn, reduce the expected cash flow. In addition, any failure by the entities that transport the natural gas to the facilities to deliver natural gas to the respective facilities may have an adverse impact on cash flow.

Upon the expiry or termination of existing fuel supply agreements, Northland will be required to either renegotiate these agreements or source fuel from other suppliers. There can be no assurance that Northland will be able to renegotiate these agreements or enter into new agreements on similar terms.

Operations and Maintenance

Northland's facilities are subject to operational risks that could have an adverse effect on cash flow, including premature wear or failure of major equipment due to defects in design, material or workmanship.

The risks associated with Northland's thermal facilities are partially mitigated by the proven nature of the technology and design of the facilities, the availability of critical spares on site and the gas turbine maintenance agreements.

The operating risks associated with Northland's renewable facilities farms are partially mitigated by maintenance and service agreements with original equipment suppliers and experienced service providers and by the proven nature of the technology and design of the facilities.

Permitting

All of Northland's facilities are required to maintain permits issued by federal and provincial governments and agencies that govern overall facility operations and place limits on the discharge or use of air, noise, water and emissions, among other permits. If Northland is unable to renew existing permits or enter into new permits, then capital expenditures may be required to enable long-term operations, potentially under different operating profiles. For example, Thorold's license to take cooling water from the Welland Canal expires in 2017. If Northland is unable to renew this license sufficiently in advance of the expiry date, the credit agreement requires Northland to set aside funds to procure an alternate cooling method.

Environmental, Health and Safety

Northland's facilities are subject to numerous and significant laws, including statutes, regulations, bylaws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; discharges into water, the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual materials, such as chemicals; the prevention of releases of hazardous materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on- and off-site; land use and zoning matters; and workers' health and safety matters. As such, the operation of the facilities carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties) and may result in the facilities being involved from time to time in administrative and judicial proceedings relating to such matters, which could have a materially adverse effect on Northland's business, financial condition and results of operations.

All current generating equipment at Cochrane, Kirkland Lake, Iroquois Falls, Kingston, Thorold, North Battleford and Spy Hill is designed to produce NO_x emissions below applicable permit limits. Additional Ontario legislation that came into effect in 2004 introduced a cap and trade system with respect to NO_x emissions. Installation of the new gas turbines at the Iroquois Falls facility in 2003 reduced NO_x emissions well below the levels specified by the new legislation. NO_x emissions from Cochrane's, Kingston's and Thorold's existing natural gas fired generating equipment fall well below those levels as well.

For the last several decades, the greenhouse effect and its influence on climate change has caused environmental concern. Certain jurisdictions have implemented legislation or regulations to regulate greenhouse gas (**GHG**) emissions. As of yet, the federal government of Canada has not introduced any legislation or regulations it plans to use to regulate GHG, nor has it established any firm timelines. In the absence of federal legislation, the Ontario government has investigated setting its own GHG limits, but these efforts are in the preliminary stage and Ontario has not set a firm timeline either. Should any legislation related to GHG regulation impose any costs on Northland, certain of its facilities may not be able to recover some or all of such costs under its PPAs which could result in significantly reduced cash flow and asset impairments upon implementation.

Although management believes the operation of each of the facilities is currently in material compliance with applicable environmental laws, licenses, permits and other authorizations required for the operation of the facilities and although there are environmental monitoring and reporting systems in place with respect to all facilities, there is no guarantee that more stringent laws or regulations will not be imposed, that there will not be more stringent enforcement of applicable laws or that such systems will not fail, which may result in material expenditures. Failure by the facilities to comply with any environmental, health or safety requirements or increases in the cost of such compliance, which could be a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could possibly result in additional expense, capital expenditures, restrictions and delays in the facilities' activities, the extent of which cannot be predicted.

Construction

There is a risk that delays and/or material cost overruns will be incurred in the course of the construction of Northland's current and future development projects. There is also a risk that a project under construction could be stopped or cancelled. There is further risk that the projects, once constructed, will not immediately perform as intended. Any significant delays in construction, cost overruns, project cancellations, or project shortfalls as a result of construction activities may have an adverse impact on Northland's operations and financial performance.

Financing

Although Northland expects to finance its current and future projects using cash from operations and non-recourse project financing, there can be no assurance that sufficient capital will be available on acceptable terms to fund acquisitions, investments, refinancing, capital expenditures or expansion projects. In addition, should any particular loan provided to Northland or a subsidiary go into default, this might cause Northland to lose its investment in the project. Most of Northland's facilities and projects have term loan or other financing arrangements in place with various lenders. These financing arrangements are typically secured by all of the project assets and contracts, as well as the equity interests in the project operating entities. The terms of these financing arrangements generally impose many covenants and obligations on the part of the project operating entity and other borrowers and guarantors. In many cases, a default by any party under a project operating agreement (such as a PPA) will also constitute a default under the project's term loan or other financing arrangement. Failure to comply with the terms of these term loans or other financing arrangements, or events of default thereunder, may prevent cash distributions by the project or the project operating entity and may entitle the lenders to demand repayment and enforce their security against project assets. In addition, if an event of default should occur, lenders are entitled to take possession of the equity interests in project operating entities that have been pledged to such lenders by the owners. The prevention of cash distributions from projects or the loss of equity interests in a project could have a material impact on Northland's cash flow.

Interest Rates and Refinancing

Interest rate fluctuations are of particular concern to a capital-intensive industry such as the electric power business. Northland generally mitigates underlying interest rate risk with respect to its project-related floating-rate bank credit facilities by entering into interest rate swap agreements to effectively fix the underlying interest rate on floating-rate debt. The credit spread portion of floating interest rate loans cannot be hedged and could increase materially at loan maturity, thus reducing a project's cash flow. In other cases, Northland procures fixed-rate debt when financing its projects to minimize interest rate risk. For non-project debt, primarily Northland's revolving line of credit, interest rates remain variable. A significant rise in interest rates may materially increase the cost of Northland's revolving credit facility and also prevent certain development projects from proceeding as the economics may no longer be feasible at higher rates, possibly resulting in termination or asset impairment.

The ability to refinance, renew or extend debt instruments is dependent on the capital markets up to the time of maturity, which may affect the availability, pricing or terms and conditions of replacement financing.

Currency Fluctuations

Northland has payment obligations in U.S. dollars, primarily related to the service agreements for gas turbines. Exchange rate fluctuations between the U.S. and Canadian dollars may affect cash flow.

Northland also receives cash flows in euros from its investment in the German wind farms and U.S. dollars from its investment in PEC and may be required to make and receive payments in Euros in respect of the Gemini Offshore Wind Project. Exchange rate fluctuations between the Euro or the U.S. dollar and the Canadian dollar may affect the cash flow of Northland. To partially mitigate its exposure to major foreign currencies, material exposures are hedged with financial counterparties.

The projects Northland is developing and/or constructing may utilize equipment purchased from foreign suppliers. Northland’s risk management approach is to hedge such foreign exchange risks where feasible. However, fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the cost of this equipment and thus have a negative impact on the feasibility of one or more of the projects. In addition, projects Northland is developing may require expenditures, advances, equity investments or provide project distributions that are denominated in foreign currencies. Fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the amount of equity investment required or the Canadian dollar equivalent of project distributions which may have a negative impact on the feasibility of one or more development projects.

Liquidity

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Impairments in Northland’s asset values or cash flows could result in Northland not having sufficient funds to settle a transaction on a due date; Northland could be forced to sell financial assets at a value that is less than what they are worth; or Northland could be unable to settle or recover a financial asset at all.

Northland is also subject to internal liquidity risk as it conducts its business activities through separate legal entities (subsidiaries and affiliates) and is dependent on receipts of cash from those entities to defray its corporate expenses and to make dividend payments to shareholders.

Development Prospects and Advanced Stage Development Projects

Prior to a project reaching the advanced stage of development, Northland will incur costs before it can determine that such prospective projects are technically and financially feasible. The nature of some of these expenditures is somewhat speculative. Northland is, in some cases, required to advance funds and post-performance bonds in the course of development of these prospects. Some of the factors that could cause a prospective development project to fail and cause Northland to lose its investment in the project include: inability to secure favourable sites;

inability to secure PPAs; failure to obtain permits, consents, licences and approvals; increases in interest rates; and inability to acquire suitable equipment and construction services at a favourable price. In addition, advanced stage development projects where Northland has secured a PPA, may fail to reach financial close, and all investments up to that point could be unrealizable. Some of the factors that could cause an advanced stage development project to fail include: failure to obtain permits, consents, licences and approvals; increases in interest rates; and inability to finalize equipment and construction services or financing agreements.

Relationship with Stakeholders

Certain joint venture partners, stakeholders or communities with which Northland has arrangements may have or develop interests or objectives which are different from or even in conflict with those of Northland. Any such differences could lead to development, construction or operations issues which could negatively impact the success of Northland’s projects. The Company is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, First Nations and municipalities. Any unforeseen delays or issues in this process may negatively impact Northland’s ability to complete any given project on time or at all.

Government Regulations and Policy

Northland and its generating facilities are subject to policies, laws and regulations, established by various levels of government and government agencies. These are subject to change by the governments or their agencies or the courts and are administered by agencies that may have discretion in their interpretation. Future legal and regulatory changes or interpretations may have a material effect on Northland, its development prospects and/or its generating facilities.

Insurance

Northland procures insurance from the insurance market to address all material insurable risks, including business interruption insurance, similar to what management believes would be maintained by a prudent manager/owner/operator of similar facilities or projects. Northland’s insurance is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions. There can be no assurance that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the facilities, projects or Northland.

Legal Contingencies

Northland and its subsidiaries may be named as a defendant in various claims and legal actions. Exposure to these claims is mitigated through levels of insurance coverage considered appropriate by management. Management does not expect the outcome of claims or potential claims to have a materially adverse effect on Northland.

Variability of Cash Flow

The actual amount of cash flow to service dividends to Common Shareholders will depend on numerous factors, including the financial performance of Northland's subsidiary operations, ability to meet debt covenants and obligations, working capital requirements, future capital requirements, participation in Northland's DRIP and tax related matters. The market value of the Common Shares may deteriorate if Northland is unable to maintain its cash dividend levels in the future.

Taxes

There can be no assurance that income tax laws in the jurisdictions in which Northland and its subsidiaries do business will not be changed in a manner that adversely affects Northland and its shareholders.

Northland is also subject to various uncertainties concerning the interpretation and application of Canadian, U.S., Dutch, Luxembourg and German tax laws that could affect its profitability and cash flows.

Labour Relations

As at the December 31, 2013, Northland has 290 employees.

While labour relations at Northland's facilities have been stable to date and there have not been any disruptions in operations as a result of labour disputes with employees, the maintenance of a productive and efficient labour environment cannot be assured. In the event of a labour disruption such as a strike or lockout, the ability of Northland's facilities to generate income may be impaired.

Employees at Iroquois Falls and the managed Kirkland Lake Facility are unionized. The current labour agreement with the 12 unionized employees at Iroquois Falls expired June 30, 2013 and a new contract has not been entered into, as of the date of this AIF. The Kirkland Lake labour agreement with 25 unionized employees expires February 28, 2014. In the event of a strike or lock-out, the ability of Iroquois Falls or Kirkland Lake Corp. to operate may be limited and their abilities to generate cash available for distribution may be impaired. Employees at Northland's other facilities are not unionized.

Reliance on Third Parties

In the normal course of business, other than as detailed in the "Counterparties" section, Northland routinely relies on third parties with respect to management and construction services.

Northland is reliant on Panda Global Services Inc. with respect to the management of the Panda-Brandywine Facility and EDF EN Deutschland GmbH (formerly, enXco GmbH) with respect to the management of the German Wind Farms. If these counterparties fail to perform pursuant to their agreements, Northland's asset values or cash flow from these assets could be impaired.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Northland, there are no legal proceedings or regulatory actions, potential or outstanding, involving Northland that will have a material adverse effect on it. See note 27 to the audited consolidated financial statements, entitled “Litigation, Claims and Contingencies” in the Annual Report for additional information.

BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY

The table below shows the names and province and country of residence of the members of Northland's Board of Directors, their principal occupations during the five preceding years and the year they first became Trustees/Directors. Each Director is appointed to serve until the next annual meeting of Shareholders or until his or her successor is elected or appointed.

Name and Province of Residence	**Positions held with the Company**	**Year Became Director[(1)]**	**Principal Occupation(s) during five-year period ending December 31, 2013**
James C. Temerty C.M.[(7)] Ontario, Canada	Chair and Director	1997	Chair and Director of Northland.
The Right Honourable John N. Turner, Q.C.[(2)(4)(5)] Ontario, Canada	Lead Director	1997	Corporate Director; *formerly*, Partner, Miller Thomson LLP (law firm).
Linda L. Bertoldi[(8)] Ontario, Canada	Director and Secretary	2010	Partner, Borden Ladner Gervais LLP (law firm)
Dr. Marie Bountrogianni[(2)(5)(7)(10)] Ontario, Canada	Director	2009	Interim Dean of the Chang School; *formerly*, President and Executive Director of the Royal Ontario Museum governors (museum).
Sean Durfy[(5)(7) (9)] Ontario, Canada	Director	2011	Corporate Director; *formerly*, President and CEO of WestJet Airlines (airline) and President of ENMAX Energy Corporation (electricity utility).
V. Peter Harder[(2)(3)(5)(6)] Ontario, Canada	Director	2010	Senior Policy Advisor, Dentons Canada LLP (law firm)

Notes:

(1) The date shown reflects the date when each Director became a member of the governing body of a public predecessor of the Company, from July 16, 2009 to December 31, 2010, a trustee of the Fund, from July 1, 2003 to July 16, 2009, a trustee of CT and from 1997 to June 30, 2003, a director of Iroquois Falls Corp.

(2) Member of the Audit Committee.

(3) Chair of the Audit Committee since November 2013.

(4) Chair of the Governance and Nominating Committee and Lead Director.

(5) Independent Director

(6) Chair of Compensation Committee.

(7) Member of Compensation Committee.

(8) Member of Governance and Nominating Committee.

(9) Mr. Durfy resigned as a Director on January 8, 2014 and commenced his role as President and Chief Development officer of Northland.

(10) Member of Audit Committee and Governance and Nominating Committee since November 2013.

Mr. Pierre R. Gloutney passed away on September 21, 2013. He had been a Director of Northland since 1997 and was the chair of the Audit Committee and member of the Governance and Nominating Committee up until the time of his passing.

The table below shows the names and province and country of residence of the executive officers of the Company, their positions held with the Company and their principal occupations during the five preceding years.

Name and Province of Residence	**Positions held with the Company**	**Principal Occupation(s) during five-year period ending December 31, 2013**
John W. Brace Ontario, Canada	Chief Executive Officer	Chief Executive Officer of Northland; *prior to January 2014*, President and Chief Executive Officer of Northland; *prior to July 2009*, Chief Executive Officer, President and Chief Operating Officer of CT.
Sean Durfy Ontario, Canada	President and Chief Development Officer	President and Chief Development Officer of Northland; *prior to January 2014*, Corporate Director of Northland; *prior to September 2010*, President and CEO of WestJet Airlines (airline).
Paul J. Bradley Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Northland; *prior to April 2011*, Managing Director and Head of Power and Utilities at Macquarie Capital Markets.
Sam Mantenuto Ontario, Canada	Chief Operating Officer and Vice Chair	Chief Operating Officer and Vice Chair of Northland; *prior to January 2014*, Chief Operating Officer and Chief Development Officer of Northland.
Anthony F. Anderson Ontario, Canada	Chief Investment Officer	Chief Investment Officer of Northland; *prior to April 2011*, Chief Financial Officer of Northland.
Darryl Bergman Ontario, Canada	Corporate Treasurer	Corporate Treasurer of Northland; *prior to March 2013*, Corporate Treasurer, Sofina Foods.
Gemi (Jim) Cipolla Ontario, Canada	Vice President, Gas and Electricity Marketing	Vice President, Gas and Electricity Marketing.
David Dougall Ontario, Canada	Vice President, Operations	Vice President, Operations; *prior*, General Manager, Operations; *prior*, General Manager, Engineering.
Dino Gliosca Ontario, Canada	Vice President, Engineering	Vice President, Engineering; *prior* General Manager, Engineering.
Michael D. Shadbolt Ontario, Canada	Vice President and General Counsel	Vice-President and General Counsel; prior *to January 2011*, Partner, Macleod Dixon LLP (law firm) .

SHARE OWNERSHIP

As of January 31, 2014, 53,340,832 Common Shares (including 1,190,000 shares sold forward by management in March 2012), representing 40% (2012 – 12%) of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the Directors and executive officers of the Company. Including Class A Shares 41% (2012 – 37%) of all voting rights of the Company were owned, directly or indirectly, or controlled by Directors and executive officers of the Corporation.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Northland and other than as described below, none of the directors or executive officers of Northland: (a) is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to an order that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the person ceased to be a director, 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, chief executive officer or chief financial officer; (b) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, 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 (c) has, within the 10 years before the date of this AIF, 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 the assets of the person.

Mr. Harder resigned from the board of directors of Arise Technologies Corporation in June 2011. In December 2011, Arise Technologies Corporation ("**Arise**") filed a Notice of Intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada) and PricewaterhouseCoopers Inc. was named as the trustee under the Notice of Intention. Arise was deemed to have made an assignment into bankruptcy on April 11, 2012.

To the knowledge of the Company, none of the directors or executive officers of Northland, nor any shareholder holding a sufficient number of securities of Northland to affect materially the control of Northland: (i) 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; or (ii) 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 investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this Annual Information Form, none of the directors or executive officers of Northland, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Northland's outstanding voting securities, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Northland.

As of January 31, 2014, James C. Temerty, Chair of Northland Power Inc. owns or has control or direction over 47,592,855 Common Shares (representing 36% of the outstanding Common Shares) and 1,000,000 Class A Shares (representing 100% of the Class A Shares). If all of the Class A Shares were converted into Common Shares, Mr. Temerty would beneficially own or have control or direction over 36% of the then outstanding Common Shares.

AUDIT COMMITTEE

Northland's Board has established an Audit Committee composed of Harder, Bountrogianni and Turner, all of whom are independent, as defined in National Instrument 52-110 *Audit Committees* (the "**Audit Committee Rule**"). The Audit Committee of Northland meets with representatives of management to discuss internal controls, financial reporting issues, risk management, and auditing matters related to Northland. Northland's Board has adopted an Audit Committee Charter which sets out terms of reference for the Audit Committee consistent with the Audit Committee Rule. The Audit Committee Charter, as revised following the Arrangement, is attached as Schedule "A" to this Annual Information Form.

All of the members of the Audit Committee are financially literate and Northland's Board has determined that all members of the Audit Committee are independent – in each case as required by the Audit Committee Rule.

The relevant experience of each of the Audit Committee members is as follows:

V. Peter Harder (Chair) **–** Mr. Harder is a Senior Policy Advisor for Dentons Canada LLP. Prior to joining Dentons Canada LLP, Mr. Harder was a long serving Deputy Minister in the Government of Canada. Mr. Harder is the former Secretary of the Treasury Board of Canada and Comptroller General of Canada. Mr. Harder was previously a member of the executive committee and board of governors of the Canadian Comprehensive Audit Foundation. Since 2008, Mr. Harder serves as an independent advisor to the Auditor General of Canada.

The Right Honourable John N. Turner – Mr. Turner was formerly a partner at the law firm of Miller Thomson LLP. Prior to joining Miller Thomson LLP, Mr. Turner served in the House of Commons for almost 25 years. Mr. Turner is a former prime minister of Canada and former federal Minister of Finance, among a number of other government positions he has held.

Dr. Marie Bountrogianni – Ms. Bountrogianni is the Interim Dean of the Chang School. Prior to joining Ryerson University, Ms. Bountrogianni was President and Executive Director of the Royal Ontario Museum governors (museum). Ms. Bountrogianni is a former Minister of Intergovernmental Affairs, among a number of other government positions she has held.

The Audit Committee is required to approve all audit and pre-approve all non-audit services provided to Northland by Northland's external auditor.

Please see below for disclosure regarding fees paid by Northland to its external auditors, Ernst & Young LLP.

A copy of the Audit Committee Charter is included as Schedule "A" to this Annual Information Form and is filed on SEDAR and can be reviewed and obtained from the website, www.sedar.com under Northland's profile.

AUDITORS

Ernst & Young LLP, Chartered Accountants, Ernst & Young Tower, 222 Bay Street, Toronto Dominion Centre, Toronto, Ontario are the auditors of Northland. Ernst & Young LLP is independent in accordance with the rules of professional conduct of the various provincial institutes of chartered accountants.

Audit and Other Fees

For the years ended December 31, 2013 and 2012, Ernst & Young LLP were paid approximately $0.9 million and $1.1 million respectively, as detailed below, for services to the Corporation and its wholly owned subsidiaries.

	Year-ended December 31	
	2013	**2012**
Ernst & Young LLP		
Audit Fees	$810,640	$1,053,780
Audit Related Fees	–	–
Tax Fees	19,035	–
All Other Fees	84,590	85,972
Total	914,265	1,139,752

In 2013 and 2012, "All Other Fees" include translation services. In 2013, "Tax Fees" includes international payroll tax services.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, Convertible Debentures, Series 1 Preferred Shares and Series 3 Preferred Shares of Northland is Computershare, 100 University Avenue, Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Northland may be found on SEDAR at www.sedar.com under Northland's profile. Additional information, including directors' and officers' remuneration and indebtedness, and principal holders of Common Shares, will be contained in Northland's Management Information Circular to be filed in connection with the Annual Meeting of Common Shareholders to be held on May 21, 2014.

Additional financial information, including the consolidated financial statements of Northland and Management's Discussion and Analysis, is provided in the Annual Report.

Contact: Northland Power Inc.
30 St. Clair Ave. West, 17th Floor
Toronto, Ontario M4V 3A1

Telephone: 416-962-6262 Fax: 416-962-6266
E mail: investorrelations@northlandpower.ca
Web Site: northlandpower.ca

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

"**2014 Debentures**" means the 6.25% convertible unsecured subordinated debentures, Series A of Northland due December 31, 2014.

"**Adjusted EBITDA**" means earnings before interest, taxes, depreciation of capital assets and amortization of contracts, non-cash impairments, lease accounting gains and non-cash (unrealized) fair value changes.

"**Annual MD&A**" means Northland's management, discussion & analysis contained in the Annual Report.

"**Annual Report**" means Northland's annual report for the year ended December 31, 2013.

"**Arrangement**" means the arrangement under the provisions of section 182 of the *Business Corporations Act* (Ontario) pursuant to which the Fund converted from an income trust to a corporation called Northland Power Inc., which owns all of the assets and is subject to all of the liabilities (other than intercompany assets and liabilities) of the Fund, and continues the business of the Fund and its subsidiaries of developing, constructing, financing, owning, managing and operating power projects.

"**Audit Committee Rule**" means National Instrument 52 110 Audit Committees.

"**Board of Directors**" or "**Board**" means the board of directors of Northland.

"**CD Indenture**" means the trust indenture between Northland and Computershare, as trustee, as of August 26, 2004, as amended and supplemented.

"**CEEC**" means Canadian Environmental Energy Corporation.

"**Cenovus**" means Cenovus Energy Inc., formerly EnCana Corporation.

"**Chapais**" means Chapais Énergie, Société en Commandite.

"**Chapais Facility**" means the 28 MW biomass-fired facility, located near Chibougamou, Quebec.

"**Chapais Services**" means Chapais Power Services Inc., the manager of the Chapais Facility.

"**Chips LP**" means Northland Power Chips Limited Partnership.

"**CHP**" means combined heat and power.

"**CHP Contract**" means the CHP agreement dated October 16, 2006 between Thorold LP and the OPA in connection with the sale of electricity from the Thorold Facility.

"**Class A Units**" means the Class A exchangeable limited partnership units of Holdings LP.

"**Class A Shares**" means the Class A shares in the capital of Northland.

"**Class B Units**" means the Class B convertible limited partnership units of Holdings LP.

"**Class B Convertible Shares**" means the Class B convertible shares in the capital of Northland.

"**Class C Units**" means the Class C convertible limited partnership units of Holdings LP.

"**Class C Convertible Shares**" means the Class C convertible shares in the capital of Northland.

"**Cluster 1**" means the three ground-mounted solar sites within the Ground-mounted Solar Phase 1 Projects; namely, Northland Power Solar Crosby LP, Northland Power Solar McCann LP and Northland Power Solar Rideau Lake LP.

"**Cluster 2**" means the three ground-mounted solar sites within the Ground-mounted Solar Phase 1 Projects; namely, Northland Power Solar Belleville South LP, Northland Power Solar Belleville North LP and Northland Power Solar Burks Falls East LP.

"**Cochrane Facility**" means the 42 MW biomass and natural gas fired combined cycle facility owned by Cochrane Power Corp. located in Cochrane, Ontario and all ancillary assets.

"**Cochrane Corp.**" means Cochrane Power Corporation.

"**COD**" means the commercial operations date.

"**Cogeneration**" means the simultaneous production of electricity and thermal energy in the form of heat or steam from a single fuel source.

"**Computershare**" means Computershare Trust Company of Canada.

"**Common Shares**" means the common shares in the capital of Northland.

"**Common Shareholders**" means the holders of the Common Shares.

"**Company**" or the "**Corporation**" means Northland Power Inc., the corporation resulting from the amalgamation of the Fund and certain subsidiaries of the Fund, including Northland on January 1, 2011 pursuant to the Arrangement.

"**Conversion Date**" means January 16, 2012.

"**CPI**" means the Consumer Price Index.

"**CT**" or "**Trust**" means NPIF Commercial Trust, a trust established pursuant to the laws of Ontario, all of the units of which were owned by the Fund.

"**DBRS**" means the Dominion Bond Rating Service.

"**Debenture**" means debentures issued pursuant to the CD Indenture.

"**Debentureholder**" means a holder of Debentures.

"**Debenture Trustee**" means Computershare in its capacity as trustee under the CD Indenture.

"**DRIP**" means a dividend reinvestment plan.

"**FIT**" means the Feed-in Tariff established pursuant to the GEA.

"**FIT Program**" means the program established by the OPA with respect to renewable energy generation projects pursuant to the GEA.

"**Frampton Wind Farm**" means the 24 MW wind project to be located on the south shore of the St. Lawrence River near Frampton, Quebec.

"**Fund**" means Northland Power Income Fund, an unincorporated open ended trust established pursuant to the laws of Ontario.

"**GEA**" means the *Ontario Green Energy and Green Economy Act, 2009*.

"**Gemini Offshore Wind Project**" or "Gemini" means the 600 MW offshore wind project located 85 km off the North East coast of the Netherlands.

"**General Electric**" or "**GE**" means one or more of the General Electric Company and its affiliates.

"**German Wind Farms**" mean the two wind farms located in Eckolstädt and Kavelstorf, Germany with a total installed capacity of 21.5 MW that Northland acquired on April 25, 2006.

"**GHG**" means greenhouse gas.

"**Grand Bend Wind Farm**" means the 100 MW wind project to be located in Grand Bend, Ontario.

"**Ground-mounted Solar Entities**" means Northland Power Solar Crosby LP, Northland Power Solar McCann LP, Northland Power Solar Rideau Lake LP, Northland Power Solar Belleville South LP, Northland Power Solar Belleville North LP and Northland Power Solar Burks Falls East LP. (collectively, Ground-mounted Solar Phase I Projects); Northland Power Solar North Burgess LP, Northland Power Solar Burks Falls West LP and Northland Power Solar Glendale LP (collectively, Ground-mounted Solar Phase II Projects); and Northland Power Solar Long Lake LP, Northland Power Solar Empire LP, Northland Power Solar Martin's Meadows LP and Northland Power Solar Abitibi LP (collectively, Ground-mounted Solar Phase III Projects).

"**Ground-mounted Solar Phase I Projects**" means the six ground-mounted solar projects that were constructed beginning in 2012 and achieved commercial operations in 2013.

"**Ground-mounted Solar Phase II Projects**" means the three ground-mounted solar projects of which construction began in 2013 and which will achieve commercial operations in 2014.

"**Ground-mounted Solar Phase III Projects**" means the four ground-mounted solar projects of which construction began in early 2014 and which are expected to achieve commercial operations in 2015.

"**Holdings LP**" means NPIF Holdings L.P., an Ontario limited partnership.

"**Hydro-Québec**" means Hydro-Québec, a Quebec Crown Corporation.

"**IESO**" means the Independent Electricity System Operator for Ontario.

"**IFRS**" means International Financial Reporting Standards.

"**Iroquois Falls**" means collectively Iroquois Falls Corp and the Iroquois Falls Facility.

"**Iroquois Falls Corp.**" means Iroquois Falls Power Corp., a wholly owned subsidiary of Northland continued under the laws of Ontario.

"**Iroquois Falls Facility**" means the 120 MW natural-gas fired Cogeneration facility located in Iroquois Falls, Ontario, and all ancillary assets.

"J**ardin**" means collectively the Jardin d'Eole Facility and Jardin LP.

"**Jardin d'Éole Facility**" or "Jardin Wind Farm" means the 127.5 MW wind farm located near the municipalities of Saint Ulric, Saint Léandre and Matane, Quebec.

"**Jardin LP**" means Saint Ulric Saint Leandre Wind L.P., a Quebec limited partnership which owns the Jardin d'Éole Facility.

"**JP Morgan**" means JP Morgan Ventures Energy Corporation; a subsidiary of JP Morgan Chase & Co.

"**Kabinakagami Hydro Projects**" mean the four run-of-river projects totalling 26 MW to be located on the Kabinakagami River near Hearst, Ontario.

"**Kingston**" means collectively the Kingston Facility and Kingston LP.

"**Kingston Facility**" means the 110 MW electricity and steam generating facility and all ancillary assets located near Kingston, Ontario and owned by Kingston LP.

"**Kingston LP**" means Kingston CoGen Limited Partnership, a limited partnership established pursuant to the laws of Ontario.

"**Kirkland Lake Corp.**" means Kirkland Lake Power Corp.

"**Kirkland Lake Facility**" means the 102 MW baseload power plant that came on line in 1991 and a 30 MW peaking facility built in 2004 near Kirkland Lake, Ontario owned by Kirkland Lake Corp.

"**kilowatts**" or "**kW**" means 1,000 watts of electrical energy.

“**Loblaw**” means Loblaw Companies Limited.

“**LTIP**” means the equity-settled share-based compensation program available to employees when Northland projects achieve certain milestones.

“**LTEP**” means Long-Term Energy Plan.

“**McLean’s LP**” means McLean’s Mountain Wind L.P.; a 50-50 partnership between Northland and the United Chiefs and Councils of Mnidoo Mnising First Nations.

“**McLean’s Mountain Wind Farm**” means the 60 MW wind project to be located on Manitoulin Island, Ontario.

“**Merger**” means the indirect acquisition by the Fund, on July 16, 2009, of all of the issued and outstanding shares of Northland from NPHI and the completion of related transactions, on the terms and conditions set forth in the share purchase agreement dated April 23, 2009, as amended.

“**Merger Shares**” means Class A Shares, Class B Convertible Shares and Class C Convertible Shares.

“**Minister**” means the Minister of Energy of Ontario.

“**Mont Louis**” means collectively Mont Louis LP and Mont Louis Wind Farm.

“**Mont Louis LP**” means the limited partnership which owns the Mont Louis Wind Farm.

“**Mont Louis Wind Farm**” means the 100 MW wind farm located near the town of Mont Louis in the Gaspé region of Quebec.

“**MW**” means 1,000 kilowatts of electrical energy.

“**Northland**” means, prior to January 1, 2011, the Fund, and after January 1, 2011, the corporation resulting from the amalgamation of the Fund and certain subsidiaries of the Fund pursuant to the terms of the Arrangement, called Northland Power Inc.

“**North Battleford Facility**” means the 260 MW electricity generating facility located near North Battleford, Saskatchewan and owned by North Battleford LP.

“**North Battleford LP**” means North Battleford Power L.P., a limited partnership established pursuant to the laws of Ontario.

“**NO_x**” means nitrogen oxides, a by-product of fossil fuel electricity generation.

“**NPHI**” means Northland Power Holdings Inc., an Ontario corporation and parent of Northland until July 15, 2009.

“**NPHI Held Common Shares**” means those Common Shares held by NPHI and/or James C. Temerty for which NPHI has provided to the Board such reasonable evidence as the Board may require regarding the ownership of the Common Shares held by NPHI and James C. Temerty together with an undertaking from the registered holder thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors (for the purpose of this definition, Common Shares are considered held by a person if that person has beneficial ownership of, or control and direction over, such Common Shares);

"**NPI LTIP**" means the long term incentive plan for senior management of Northland under which participants had the right to acquire shares of Northland in certain circumstances.

"**NPI LTIP Participants**" means John W. Brace, Anthony F. Anderson, Salvatore Mantenuto, Dino Gliosca, Frederick G. Brown, David Dougall and Jim Cipolla.

"**OEFC**" means Ontario Electricity Financial Corporation, the successor to Ontario Hydro as continued by the *Electricity Act, 1998* (Ontario) that holds all rights, obligations and liabilities related to the Iroquois Falls Power Purchase Agreement and the Kingston Power Purchase Agreement.

"**off peak**" means times that are not on peak, and includes the hours between 11:00 p.m. and 7:00 a.m. local time for Northland's Ontario generating stations, and the hours between 10:00 pm and 6:00 am local time for Northland's Saskatchewan generating stations, on non-holiday weekdays and all hours on weekends and public holidays as designated by OEFC or SaskPower, respectively, under the projects' PPAs.

"**on peak**" means 7:00 a.m. to 11:00 p.m. local time for Northland's Ontario generating stations, and the hours 6:00 am to 10:00 pm local time for Northland's Saskatchewan generating stations on weekdays, excluding public holidays designated by OEFC or Saskpower, respectively, under the projects' PPAs.

"**OPA**" means the Ontario Power Authority.

"**Panda-Brandywine Facility**" means the 230 MW natural gas-fired combined cycle facility, located near Brandywine, Maryland, U.S.A.

"**Panda-Brandywine, L.P.**" means the limited partnership which owns the Panda-Brandywine Facility.

"**PEC**" means Panda Energy Corporation, a corporation existing under the laws of Texas, U.S.A.

"**PPA**" means a power purchase agreement.

"**Prefco**" means Northland Power Preferred Equity Inc., a corporation incorporated under the laws of the Province of Ontario, which, as at December 31, 2010, was wholly-owned by Holdings LP.

"**PV**" means solar photovoltaic.

"**Régie**" means the Régie de l'énergie.

“**Replacement Rights**” means the rights of NPI LTIP Participants to acquire Units (or after January 1, 2011, Common Shares) for no additional payment, on or after the Conversion Date.

“**Resolute**” means Resolute Forest Products Inc.

“**Resolute Iroquois Falls Mill**” means the pulp and paper manufacturing facility owned by Resolute situated approximately 500 metres from the Iroquois Falls Facility in Iroquois Falls, Ontario.

“**Resolute Thorold Mill**” means the recycled newsprint mill owned by Resolute located in Thorold, Ontario 120 kilometres southwest of Toronto near the U.S. border.

“**RFP**” means a Request for Proposals.

“**Rights Exchange Agreements**” means the rights exchange agreements entered into by the Fund, Northland and the NPI LTIP Participants as of April 23, 2009, as amended, pursuant to which the NPI LTIP Participants were granted Replacement Rights.

“**SaskPower**” means Saskatchewan Power Corporation.

“**Senior Indebtedness**” means all direct indebtedness of Northland (whether outstanding as at the date of the CD Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be pari passu with, or subordinate in right of payment to, the Debentures.

“**Series 1 Preferred Shares**” means the Cumulative Rate Reset Preferred Shares, Series 1 in the capital of Northland.

“**Series 2 Preferred Shares**” means the Cumulative Floating Rate Preferred Shares, Series 2 in the capital of Northland.

“**Series 3 Preferred Shares**” means, the Cumulative Rate Reset Preferred Shares, Series 3 in the capital of Northland.

“**Series 4 Preferred Shares**” means, the Cumulative Rate Reset Preferred Shares, Series 4 in the capital of Northland.

“**Spy Hill**” means collectively the Spy Hill Facility and Spy Hill LP.

“**Spy Hill Facility**” means the 86 MW electricity generating facility located near Spy Hill, Saskatchewan and owned by Spy Hill LP.

“**Spy Hill LP**” means Spy Hill Power L.P., a limited partnership established pursuant to the laws of Ontario.

“**Standard & Poor’s**” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies (Canada) Corporation.

“**summer**” means April through September inclusive.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder.

"**Temerty Entity**" includes The Temerty Family Foundation, the spouse of James C. Temerty, a child of James C. Temerty or the estate of James C. Temerty;

"**Temerty Entity Held Common Shares**" means those Common Shares held by a Temerty Entity for which NPHI has provided to the Board such reasonable evidence as the Board may require regarding the ownership of the Common Shares held by Temerty Entities together with an undertaking from the registered owners thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors (for the purpose of this definition, Common Shares are considered held by a person if that person has beneficial ownership of, or control and direction over, such Common Shares);

"**Thorold**" means collectively Thorold LP and the Thorold Facility.

"**Thorold LP**" means Thorold CoGen LP, an Ontario limited partnership which owns the Thorold Facility.

"**Thorold Facility**" means the 265 MW cogeneration facility owned by Thorold LP located in Thorold, Ontario, 120 kilometres southwest of Toronto near the US border.

"**TransCanada**" means TransCanada PipeLines Limited.

"**TSX**" means the Toronto Stock Exchange.

"**Units**" means the trust units of the Fund, each unit represented an equal undivided beneficial interest in the Fund.

"**winter**" means October through March inclusive.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE "A"

NORTHLAND POWER INC.

AUDIT COMMITTEE CHARTER

Purpose of the Audit Committee

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") to assist the Board in fulfilling its oversight responsibilities for Northland Power Inc. (the "**Corporation**") with respect to the accounting and financial reporting requirements, the system of internal controls and management information system, risks and risk management policies, the external audit process, and monitoring compliance with laws and regulations applicable to the Corporation, any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the "**Entities**").

The Audit Committee shall report the results of its activities and associated recommendations to the Board with respect to the financial statements of the Corporation.

Meetings and Procedures

The Audit Committee shall meet at least four times a year or more frequently if necessary.

Meetings of the Audit Committee may be held at the call of the Chair or upon request by two members on two days' prior notice to all members or, by agreement of all members of the Committee, without notice and may be held at the offices of the Corporation or at such other location as the Chair may determine. Meetings may also be held by conference telephone call where all members of the Committee can hear each other. A quorum for all meetings of the Audit Committee shall be two members. The Chair shall be responsible for agendas for the Committee and agendas and briefing materials shall be prepared and circulated in advance of the meeting.

The Audit Committee may determine its own procedures and shall keep minutes of its proceedings and report on its activities at each meeting of the Board.

Audit Committee Responsibilities

(i) *Annual Review of Audit Committee Charter*

The Audit Committee shall maintain this Audit Committee Charter which sets out the Committee's mandate and responsibilities, and review at least annually this Charter to ensure that it conforms to the requirements of National Instrument 52-110 (the "**Audit Committee Rule**") and the requirements of any other relevant securities regulations.

(ii) *The External Auditor*

Management is responsible for the preparation of the financial statements of the Corporation and, as applicable, the Entities. The external auditor is responsible for auditing those financial statements.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report, or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee must recommend to the Board:

(A) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation and the Entities; and

(B) the compensation of the external auditor.

The Audit Committee shall require the external auditor to report directly to the Audit Committee and shall monitor the independence and performance of the external auditor of the Corporation. The Audit Committee shall monitor the integrity of the financial statements of the Corporation, the financial reporting processes and systems of internal controls.

The Audit Committee must review and approve the hiring policies, as applicable, of the Corporation and the Entities regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

(iii) *Pre-Approval of All Audit and Non-Audit Services*

The Audit Committee shall approve all audit and pre-approve all non-audit services to be provided to the Corporation and, as applicable, the Entities by the Corporation's external auditor. The Audit Committee may delegate to one or more of its members the authority to pre approve all non-audit services, provided that: (i) the Audit Committee establishes pre-approval policies that are detailed as to the particular service; and (ii) any such pre approval of non-audit services by any member to whom such authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre approval.

The Audit Committee satisfies the pre-approval requirement if: (i) the aggregate amount of non-audit services that were not pre-approved is reasonably expected to be no more than 5 per cent of total fees paid to the external auditor during the fiscal year in which the services are provided; (ii) the services were not recognized as non-audit services by the Corporation at the time of the engagement; and (iii) the services are immediately brought to the attention of the Audit Committee and approved, prior to the completion of the audit.

(iv) *Financial Statement Review*

The Audit Committee shall review the Corporation's financial statements, management's discussion and analysis, and annual and interim earnings press releases and shall determine whether to recommend approval thereof to the Board before such documents are publicly disclosed on behalf of the Corporation.

The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and must assess the adequacy of such procedures on an annual basis.

(v) *Compliance with Laws and Regulations*

The Audit Committee shall receive regular reports with respect to compliance with laws and regulations having a material impact on the financial statements including tax matters.

(vi) *Complaints and "Whistle Blowers"*

The Audit Committee shall establish procedures for:

(A) the receipt, retention and treatment of complaints received by the Corporation and the Entities regarding accounting, internal accounting controls, or auditing matters; and

(B) the confidential, anonymous submission by employees of the Corporation or of the Entities of concerns regarding questionable financial reporting, accounting or auditing matters.

Composition of the Audit Committee

(i) *Number of Members*

The Audit Committee shall be composed of at least three directors of the Corporation, appointed by the Board from time to time. Each member of the Audit Committee shall continue to be a member until a successor is appointed unless the member resigns, ceases to be qualified to serve or ceases to be a director. The Chair of the Audit Committee shall be appointed by the Board.

(ii) *Financial Literacy*

Every member of the Audit Committee must be financially literate. An Audit Committee member who is not financially literate may be appointed to the Audit Committee, provided that such a member becomes financially literate within a reasonable period of time following his or her appointment.

"Financially literate" means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

(iii) *Independence*

Each member of the Audit Committee must be a director who is independent for the purpose of the Audit Committee Rule, that is a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. Appendix I to this Charter describes in greater detail the requirements under the Audit Committee Rule and other applicable securities laws in effect as at the date of this Charter concerning the circumstances in which an individual is considered to have a material relationship with an issuer.

(iv) *Position Description - Audit Committee Chair*

The fundamental responsibility of the Chair of the Audit Committee is to effectively manage the duties of the Audit Committee with respect to the Corporation:

Key Responsibilities of the Chair

- ensures that the Audit Committee is properly organized, functions effectively and meets its obligations and responsibilities
- establishes the frequency of Audit Committee meetings and reviews such frequency from time to time, as considered appropriate, or as requested by the Board or the Audit Committee
- presides at Audit Committee meetings
- establishes the agenda and related matters for committee meetings
- liaises and communicates with the Chair of the Board as necessary to co-ordinate input from the Audit Committee for Board meetings
- liaises and communicates with the Corporation's external auditors as necessary
- on behalf of the Audit Committee, reports to the Board on committee meetings
- serves as a person to whom confidential disclosures may be made under the Corporation's Financial Integrity Policy

Authority and Resources of the Audit Committee

The Audit Committee has the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties. For greater certainty the Audit Committee has the authority to retain, at the Corporation's expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;

(b) set and pay the compensation for any advisors employed by the Committee. The Corporation or the Entities shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Committee, to the external auditor in connection with the issuance of its audit report, or to any consultants or experts employed by the Committee;

(c) communicate directly with the internal and external auditors; and

(d) conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the internal and external auditor as well as officers and employees of the Corporation and the Entities, as applicable.

Risk Management and Insurance

The Audit Committee shall review at least annually significant risk management strategies for the Corporation and the Entities and exposure in the following areas and such other areas as the Committee may deem appropriate from time to time:

(i) foreign currency, interest rate and commodity hedging strategies; and

(ii) insurance coverage.

Approved by the Board as of January 1, 2011.

APPENDIX I

MEANING OF INDEPENDENCE

Part A: Meaning of Independence

1. An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.

2. For the purposes of subsection (1), a "**material relationship**" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:

   (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;

   (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;

   (c) an individual who:

      (i) is a partner of a firm that is the issuer's internal or external auditor,

      (ii) is an employee of that firm, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

   (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual;

      (i) is a partner of a firm that is the issuer's internal or external auditor,

      (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

      (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;

   (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

(f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than $75,000 in direct compensation from the issuer during any 12 month period within the last three years.

4. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

5. For the purposes of clause (3)(f), direct compensation does not include:

(a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and

(b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

6. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member

(a) has previously acted as an interim chief executive officer of the issuer, or

(b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part time basis.

7. For the purpose of Part A, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Part B: Additional Independence Requirements

8. Despite any determination made under Part A, an individual who

(a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part time chair or vice-chair of the board or any board committee; or

(b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

9. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

(a) an individual’s spouse, minor child or stepchild, or a child or stepchild who shares the individual’s home; or

(b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

10. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

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