

Dividend Re-Investment Plan



**DRIIP**  
NORTHLAND POWER INC.

**Amended and Restated  
Shareholder Dividend  
Re-Investment Plan**



## **DIVIDEND REINVESTMENT PLAN**

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## Introduction

Northland Power Inc. (“**Northland**”) is offering shareholders the opportunity to reinvest their dividends in Northland common shares (“**Plan Shares**”) without incurring brokerage costs and potentially at a discount. The Amended and Restated Dividend Reinvestment Plan (the “**Plan**”) is available to beneficial holders of Common Shares (“**Common Shareholders**”) and registered holders of Class A Shares (“**Class A Holders**” and together with the Common Shareholders “**Shareholders**”) of Northland who are residents of Canada. This brochure provides information and details on the Plan and some questions and answers to help Shareholders better understand it. Participants in the Plan are governed by the terms and conditions contained in the Plan which is included later in the brochure.

The Plan is a convenient and cost-effective way to increase your investment in Northland. It provides you with the option to automatically reinvest all or a portion of your cash dividends for additional Plan Shares which can be purchased without brokerage commissions and potentially at a discount.

The Plan helps you increase your investment in Common Shares by offering:

### *Convenience*

- Dividends are automatically reinvested at your election
- Your investment in Plan Shares is administered for you

### *Attractive Cost Savings*

- No brokerage commissions
- No service charges
- Reinvest cash dividends for Plan Shares at a discounted price. **The discount applicable on the effective date of the Plan is 5%.**

Amendments made from the original Plan include:

- Class A Shareholders are eligible to participate once they become eligible to receive dividends
- Northland has the option to issue Plan Shares from treasury in addition to purchasing on the open market (See additional detail below)
- If the Plan Shares are to be issued from treasury, they may be issued at a discounted market price between 0-5% at Northland’s election (See additional detail below)

Shareholders participating in the Plan should consult their tax advisers about tax consequences that may result from their participation in the Plan.

The Plan will become effective for those dividends paid on December 15, 2011 to Shareholders of record on November 30, 2011.

## Overview

The Plan allows eligible Shareholders the opportunity to invest the cash dividends paid on their Common Shares or Class A Shares to purchase additional Plan Shares without incurring brokerage commissions, service charges or brokerage fees. The Plan Shares acquired under the Plan will, at the discretion of Northland, either be purchased on the open market (“**Market Purchases**”) through the Toronto Stock Exchange (“**TSX**”) and/or any alternative market or issued by Northland from Treasury (“**Treasury Purchases**”). The Plan provides Northland an effective way to retain and reinvest dividends by issuing additional equity.

The purchase price for Plan Shares from the reinvestment of cash dividends will be determined as follows:

In the case of a Treasury Purchase, the volume-weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date (the “**Average Market Price**”) less a discount, if any, of up to five percent at Northland’s election.

In the case of a Market Purchase, the average of the actual price paid (excluding brokerage commissions, fees and transaction costs) per Common Share by the Plan Agent on the TSX (or applicable market) during the five Business Days following the dividend payment date.

If a non-resident of Canada holds any Common Shares or Class A Shares, such Shareholder is not eligible to participate in the Plan. Upon ceasing to be a resident of Canada, a Plan participant must forthwith notify their broker/agent, and terminate participation in the Plan.

Shareholders who were enrolled and participating in Northland’s prior Plan are automatically enrolled in the new plan until a notice to terminate participation in the Plan is received.

## Definitions

- (a) “**Average Market Price**” the volume-weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date.
- (b) “**Business Day**” means any day in which the Plan Agent’s offices are generally open for the transaction of commercial business, but does not in any event include a Saturday, Sunday, civic or statutory holiday in the Province of Ontario or a day on which the TSX does not publicly trade.
- (c) “**CDS**” means CDS Clearing and Depository Services Inc.
- (d) “**CDS Participant**” means a participant in the CDS depository service.
- (e) “**Class A Holders**” means registered holders of the Class A Shares.

- (f) “**Class A Shares**” means Class A shares of the Corporation.
- (g) “**Common Shareholders**” means registered holders of the Common Shares.
- (h) “**Common Shares**” means common shares of the Corporation.
- (i) “**Dividend**” means any amount declared payable to Shareholders.
- (j) “**Dividend Payable Date**” means each date on which the Corporation pays a Dividend to Shareholders.
- (k) “**Participants**” means participants in the Plan and “**Participant**” means any one of them.
- (l) “**Person**” includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual.
- (m) “**Plan**” means the amended and restated dividend reinvestment plan dated effective November 21, 2011, as the same may be amended by the Corporation from time to time.
- (n) “**Plan Agent**” means Computershare Trust Company of Canada or any successor or assign.
- (o) “**Plan Shares**” means whole Common Shares acquired and held under the Plan by the Plan Agent on behalf of CDS and Class A Holders.
- (p) “**Record Date**” means the date for determination of Shareholders entitled to receive a Dividend.
- (q) “**Shareholders**” means, collectively, the Common Shareholders and the Class A Shareholders.
- (r) “**TSX**” means the Toronto Stock Exchange.

## Questions and Answers

These questions and answers are intended to provide guidance and information on Northland's amended Plan. In addition to consulting with your broker and financial advisor, Shareholders should carefully read the entire Dividend Reinvestment Plan document before deciding to enrol.

### **What are the Plan's advantages?**

Plan participants do not pay brokerage commissions or service charges of any kind and are entitled to receive Common Shares potentially at a discounted price. All administrative costs of the Plan are borne by Northland. There is also the convenience of having cash dividends automatically reinvested in Northland Common Shares.

### **Who is eligible to participate?**

Common Shareholders and Class A Holders who are residents of Canada are eligible to join the Plan at any time.

### **How does an eligible Shareholder become a participant in the Plan?**

Common Shareholders need to enrol through a CDS participant, usually the brokerage firm through which they purchase and hold their Common Shares.

Class A Shareholders who hold at least one Class A Share in certificated form may enrol in the Plan by duly completing a Reinvestment Enrolment – Participant Declaration Form available at [www.computershare.com/investorcentrecanada](http://www.computershare.com/investorcentrecanada) and delivering it to the Plan Agent.

A Common Shareholder will become a participant in the Plan as of the first dividend payable date following receipt by the Plan Agent of an enrolment election from CDS. A Class A Holder will become a participant in the Plan as of the first dividend payable date following receipt by the Plan Agent of the completed Reinvestment Enrolment – Participant Declaration Form from the Class A Holder on or before the fifth business day prior to the applicable record date.

### **If a shareholder is enrolled in the Plan and wants to continue to participate, what are they required to do?**

No action is required. Shareholders enrolled in the original Plan will be automatically enrolled in the new Plan.

### **How will a Shareholder know whether Plan Shares will be issued from treasury or purchased in the market?**

Northland will initially issue Plan Shares from treasury. If this intention changes, Northland will issue a press release.

**What will be the price of new common shares purchased under the Plan?**

Northland has the option of issuing treasury shares or buying shares on the open market at prevailing market prices. If issued from treasury, the price of Common Shares purchased under the Plan will be the volume-weighted average price of Common Shares on the TSX for the five Business Days immediately preceding the dividend payment date. The price of Plan Shares issued from treasury will then be adjusted for any applicable discount.

Northland's board of directors may approve a discount on the purchase price of Plan Shares issued pursuant to treasury purchases of up to 5%. The discount applicable to treasury purchases of Plan Shares is currently 5%. Northland will issue a press release if a change is to be made to the discount used.

Although Northland is initially planning to issue Plan Shares from treasury, if it changes this intention and issues a press release to that effect, the price of the Plan Shares purchased in the open market will be the average of the actual price paid (excluding brokerage commissions, fees and transaction costs) per Plan Share purchased on the TSX (or applicable market) during the five Business Days following the dividend payment date.

**Are Shareholders required to participate in the Plan?**

No. Shareholders who do not elect to participate in the Plan will continue to receive their cash dividends in the normal manner.

**Are there restrictions on dealing with Common Shares purchased under the Plan?**

Yes. Plan participants will not be entitled to receive a certificate evidencing ownership of Plan Shares and no fractional shares will be purchased under the Plan. A cash payment in lieu of any fractional shares will be issued by the Plan Agent, on behalf of Northland, to CDS after the completion of each distribution reinvestment period, which CDS will credit to CDS Participants who hold accounts on behalf of participants who are Common Shareholders in accordance with CDS rules. The Plan Agent will mail the cash payment in lieu of any fractional shares to participants who are Class A Holders.

Participants are advised to make appropriate arrangements with their broker, investment dealer, financial institution or other nominee who holds their Common Shares prior to such transactions.

**How does a shareholder terminate participation in the Plan?**

Participation by Common Shareholders may be terminated by giving notice to their broker at least five business days before a record date.

Participation in the Plan by Class A Holders may be terminated by giving notice to the Plan Agent at least five business days before a record date.

**What statements will be sent to participants?**

Reports, if any, regarding Common Shares purchases under the Plan will be provided to participants by their broker. Participants should consult their broker regarding the availability of reports.

A Class A Holder participating in the Plan will receive, by mail, monthly statements of account from the Plan Agent showing the purchases of Plan Shares made on behalf of such Class A Holder.

**What are the tax consequences of participation in the Plan?**

Participants are encouraged to consult their tax advisers as to their particular tax position.

It should be understood that the reinvestment of dividends in Plan Shares does not relieve Plan participants of any liability for taxes that may be payable on such dividends. To the extent that all or part of a dividend from the Corporation would be included in the income of holders of Common Shares for the purposes of the *Income Tax Act*, such amount will be included in the income of Shareholders who elect to reinvest such amount. The total amount reinvested by Shareholders will be added to the adjusted cost base of their Common Shares for the purpose of computing any subsequent gain or loss thereon.

*Shareholders should carefully read the entire Plan document before making any decision to enrol.*

**NORTHLAND POWER INC.**

**Amended and Restated  
Dividend Reinvestment Plan**

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**NORTHLAND POWER INC.**  
**AMENDED AND RESTATED**  
**DIVIDEND REINVESTMENT PLAN**

**Purpose**

The Dividend Reinvestment Plan (the “**Plan**”) allows beneficial holders of Common Shares (“**Common Shareholders**”) and registered holders of Class A Shares (“**Class A Holders**”) and together with the Common Shareholders (“**Shareholders**”) of Northland Power Inc. (the “**Corporation**”) who are residents of Canada to conveniently acquire additional Common Shares of the Corporation (“**Plan Shares**”) by reinvesting their cash dividends.

**Participation**

Common Shareholders and Class A Holders in Canada are eligible to join the Plan at any time. As registrations and transfers of Common Shares of the Corporation (“**Common Shares**”) must currently be through the book-based system operated by CDS Clearing and Depository Services Inc. (“**CDS**”), enrolment in the Plan by a Common Shareholder may only be made through a participant in the CDS system (a “**CDS Participant**”). The CDS Participant is usually the brokerage firm through which Common Shareholders purchase and hold their Common Shares. For purposes of joining the Plan, Common Shareholders should therefore contact the CDS Participant that currently holds their Common Shares.

In order to participate in the Plan, a Common Shareholder must enrol in the plan through his or her CDS Participant in sufficient time for notice to be provided to Computershare Trust Company of Canada (the “**Plan Agent**”) within the time period set out below.

A Class A Holder who holds at least one Class A Share in certificated form may enrol in the Plan by duly completing a Reinvestment Enrolment – Participant Declaration Form available at [www.computershare.com/investorcentrecanada](http://www.computershare.com/investorcentrecanada) and delivering it to the Plan Agent within the time period set out below.

A Common Shareholder will become a participant in the Plan as of the first dividend payable date following receipt by the Plan Agent of a notice from CDS which must be received by 11:00 a.m. (Toronto time) on the record date. A Class A Holder will become a participant in the Plan as of the first dividend payable date following receipt by the Plan Agent of the completed Reinvestment Enrolment – Participant Declaration Form from the Class A Holder on or before the fifth business day prior to the applicable record date.

The Corporation reserves the right to deny access to the Plan to any investors whose participation in the Plan is, in the discretion of the Corporation, considered detrimental to the Corporation or Plan or whose participation requires regulatory approval.

If a non-resident of Canada holds any Common Shares or Class A Shares, such Shareholder is not eligible to participate in the Plan. Upon ceasing to be a resident of Canada, a Plan participant who is a Common Shareholder shall forthwith notify their CDS Participant, and a Plan

participant who is a Class A Holder shall forthwith notify the Plan Agent, and terminate participation in the Plan.

### **Method of Purchase and Purchase Price**

Net cash dividends will be applied automatically by the Plan Agent to the purchase of Plan Shares. The Plan Shares are, at the election of the Corporation, either newly issued Common Shares purchased from the Corporation (a “**Treasury Purchase**”) or Common Shares purchased through the Toronto Stock Exchange (“**TSX**”), or otherwise in the Canadian open market (a “**Market Purchase**”). Purchases in the market will be made during the five business day period following the dividend payable date.

The purchase price for Plan Shares from the reinvestment of cash dividends on the dividend payment date will be:

- (a) in the case of a Treasury Purchase, the volume-weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the dividend payment date (the “**Average Market Price**”) less a Discount (determined as described herein), if any, of up to five percent at the Corporation’s election; or
- (b) in the case of a Market Purchase, the average of the actual price paid (excluding brokerage commissions, fees and transaction costs) per Common Share by the Plan Agent on the TSX (or applicable market) during the five business days following the dividend payment date.

The Plan Shares purchased as a Treasury Purchase or as a Market Purchase will be allocated on a *pro rata* basis to participants in the Plan.

Notwithstanding that the Corporation will not issue fractional Common Shares, a Plan participant's *pro rata* entitlement to Plan Shares purchased pursuant to the Plan may result in the Plan participant holding a fraction of a Common Share. A cash adjustment for any such fractional Common Share may be paid to the Plan participant depending on the policies and procedures of the CDS Participant.

### **Discount**

The Board of Directors of the Corporation may from time to time approve a discount (the “**Discount**”) of up to five percent on the purchase price of Plan Shares pursuant to Treasury Purchases under the Plan. The Board of Directors has the discretion to alter or eliminate the Discount at any time in its absolute discretion. If the Discount is altered or eliminated by the Board of Directors of the Corporation, the Corporation shall publish a press release announcing such change.

The Discount applicable to Treasury Purchases of Plan Shares is five percent as of the effective date of the Plan.

## **Costs**

There is no charge to Shareholders for enrolment in the Plan. The Plan Agent's charges for administering the Plan will be paid by the Corporation including all brokerage commissions and transfer fees payable in connection with the purchase of Plan Shares under the Plan.

## **Administration**

Unless and until the Corporation terminates its arrangement with CDS under which Common Shares are issued in book-entry form only, Plan participants will not be entitled to receive a certificate evidencing ownership of Plan Shares.

All Plan Shares will be credited to CDS. CDS in turn will then credit the Plan Shares to the CDS Participants who will then credit the accounts of participants who are Common Shareholders. Class A Holders who have enrolled in the Plan will be credited Plan Shares through their broker by the Plan Agent.

No fractional shares will be purchased under the Plan. A cash payment in lieu of any fractional shares will be issued by the Plan Agent, on behalf of the Corporation, to CDS after the completion of each distribution reinvestment period, which CDS will credit to participants who are Common Shareholders in accordance with CDS rules. The Plan Agent will mail the cash payment in lieu of any fractional shares to participants who are Class A Holders.

## **Reports and Statements of Account**

Reports, if any, with respect to purchases of Common Shares pursuant to the Plan on behalf of Common Shareholders will be provided to such Plan participants by their CDS Participant. Common Shareholders participating in the Plan should consult their CDS Participant with respect to their entitlement to such reports.

A Class A Holder participating in the Plan will receive, by mail, monthly statements of account from the Plan Agent showing the purchases of Plan Shares made on behalf of such Class A Holder.

## **Termination of Participation**

Participation in the Plan by Common Shareholders may be terminated by giving notice to the Common Shareholder's CDS Participant at least five business days before a record date.

Participation in the Plan by Class A Holders may be terminated by giving notice to the Plan Agent at least five business days before a record date.

## **Shareholder Voting**

Whole Common Shares obtained under the Plan may be voted by either proxy or by the Plan participant in person in the same manner as all other Common Shares and/or Class A Shares held. Plan participants will receive particulars and appropriate documentation through their CDS Participant if a meeting of Shareholders of the Corporation is called.

## **Responsibilities of the Corporation and the Plan Agent**

Neither the Corporation nor the Plan Agent shall be liable for any act or for any omission to act in connection with the operation of the Plan, including without limitation, any claims for liability:

with respect to the prices and times at which Plan Shares are purchased;

arising out of any actions or responsibilities of CDS or any CDS Participant in relation to the Plan, or otherwise, including, without limitation: (i) any aspect of the records relating to, or payments made on account of, beneficial ownership interests of the Plan Shares held by and registered in the name of CDS or any CDS Participant; (ii) any authority, advice, or representation made or given by CDS or any CDS Participant to the Plan Agent or otherwise, including representations with respect to rules of CDS and any action taken or to be taken by CDS or any CDS Participant, (iii) the allocation of Plan Shares by CDS Participants to participants in the Plan, or (iv) the allocation of proceeds of the sale of Plan Shares by CDS Participants to participants in the Plan.

or have any duties, responsibilities or liabilities except as are expressly set forth in the Plan or are required by law.

Participants in the Plan should recognize that neither the Corporation nor the Plan Agent can assure a profit or protect against a loss on Plan Shares.

## **Amendment or Termination of the Plan**

The Corporation reserves the right to amend, to modify or to terminate the Plan at any time, but such action shall have no retroactive effect which would prejudice the interests of the Plan participants. The TSX will be notified of any amendments to the Plan and, where required, amendments to the Plan will be subject to the prior approval of the TSX. Plan participants will be sent written notice in advance of any such amendment, modification or termination.

## **Rules and Regulations**

The Corporation, in conjunction with the Plan Agent, may from time to time adopt rules or regulations to facilitate the administration of the Plan. The Corporation also reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

## **Taxes**

### **Plan participants are urged to consult their tax advisers as to their particular tax position.**

It should be understood that the fact that dividends are invested under the terms of the Plan does not relieve Plan participants of any liability for taxes that may be payable on such dividends. To the extent that all or part of a dividend from the Corporation would be included in the income of holders of Common Shares for the purposes of the *Income Tax Act*, such amount will be included in the income of Shareholders who elect to reinvest such amount. The total amount reinvested by

Shareholders will be added to the adjusted cost base of their Common Shares for the purpose of computing any subsequent gain or loss thereon.

### **Effective Date of this Plan**

This Plan amends and restates the Plan of the Corporation dated as of January 1, 2011, which Plan was the continuation of the Distribution Reinvestment Plan of Northland Power Income Fund dated July 1, 2001. The effective date of this amended and restated Plan is November 21, 2011.

### **Contact Information**

All requests for information regarding the Plan should be directed to your CDS Participant or:

Computershare Trust Company of Canada  
100 University Avenue, 9<sup>th</sup> floor, North Tower  
Toronto, ON M5J 2Y1

1-800-564-6253  
[www.computershare.com/service](http://www.computershare.com/service)

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Attention: Investor Relations

E-mail: [investorrelations@northlandpower.com](mailto:investorrelations@northlandpower.com)  
Website: [www.northlandpower.com](http://www.northlandpower.com)



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