

## BY-LAW NO. 1

A by-law relating generally to the transaction  
of the business and affairs of

NORTHLAND POWER INC.  
(the "Corporation")

### PART I INTERPRETATION

Section 1.1 **Definitions.** In the by-laws of the Corporation, unless the context otherwise requires, capitalized terms used but not defined in this By-Law shall have the meanings attributed to them in the Act, except that:

"Act" means the *Business Corporations Act* (Ontario), and any statute that may be substituted therefor, as amended, restated or in effect from time to time;

"appoint" includes "elect" and vice versa;

"articles" means the articles of the Corporation as defined in the Act;

"Board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"meeting of shareholders" includes an annual meeting of shareholders or a special meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"recorded address" means in the case of a shareholder, that person's address as recorded in the securities register; in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the Board, that individual's latest address as recorded in the records of the Corporation;

"Regulations" means the regulations made under the Act, as amended, restated or in effect from time to time; and

"signing officer" means, in relation to any instrument, any person authorized to sign the instrument on behalf of the Corporation by section 7.1 or by a resolution passed pursuant thereto.

Section 1.2 **Interpretation.** Words in the singular include the plural and vice-versa, words in one gender include all genders, and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

## PART 2 MEETINGS OF SHAREHOLDERS

Section 2.1 **Annual meeting.** Subject to the Act, the annual meeting of shareholders shall be held at such time in each year and, subject to Section 2.3, at such place as the Board, may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

Section 2.2 **Special meetings.** The Board, the chairman of the Board or the president shall have the power to call a special meeting of shareholders at any time.

Section 2.3 **Place of meetings.** Meetings of shareholders shall be held at the registered office of the Corporation or, if the Board shall so determine, at such other place in or outside Ontario.

Section 2.4 **Participation by electronic means.** If the Corporation chooses to make available a telephonic or electronic facility that permits all participants to communicate adequately with each other during a meeting of shareholders, any shareholder entitled to attend such meeting may participate in the meeting by means of such telephonic or electronic communication facility. A shareholder, who through such means votes at the meeting or establishes a communications link to the meeting is deemed to be present at the meeting. Notwithstanding any other provision of this By-law, any person participating in a meeting of shareholders pursuant to this Part who is entitled to vote at that meeting may vote, in accordance with the Act and the Regulations, by means of any telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

Section 2.5 **Notice of meetings.** Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 6.1 not less than 21 days nor more than 50 days before the date of the meeting, or within such other period as may be provided by the Act or prescribed by the Regulations to each director, to the auditor and to each shareholder entitled to vote at the meeting.

Section 2.6 **Quorum.** Subject to the Act, a quorum for the transaction of business at any meeting of shareholders (or of the holders of any class or series of shares), shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed representative or proxyholder for an absent shareholder so entitled, representing in the aggregate at least 10% of the votes attached to the outstanding shares of the Corporation (or of such class or series). If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present in person or represented by proxy may adjourn the meeting to a fixed time and place, but may not transact any other business.

If the Corporation has only one shareholder (or holder of any class or series of shares) then the sole shareholder (or such holder) present in person or by proxy constitutes a meeting of shareholders (or of such class or series).

Section 2.7 **Chairman and secretary.** The chairman of the Board or, if he is not present, the president of the Corporation or, in the absence of both of them, a vice-president who is a director, shall be the chairman of any meeting of shareholders. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall

choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman of the meeting shall appoint an individual, who need not be a shareholder, to act as secretary of the meeting.

**Section 2.8 Scrutineers.** At any meeting of shareholders, the chairman of the meeting may appoint one or more persons, who may but need not be shareholders, to serve as scrutineers with such duties as the chairman may prescribe.

**Section 2.9 Persons entitled to be present.** The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

**Section 2.10 Votes to govern.** At any meeting of shareholders every question shall, unless otherwise required by the articles or the by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or on a ballot or on results of electronic voting, the chairman of the meeting shall not be entitled to a second or casting vote.

**Section 2.11 Show of hands.** Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. On a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken on a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote on the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders on the question.

### **PART 3 DIVIDENDS AND RIGHTS**

**Section 3.1 Dividends.** Subject to the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

**Section 3.2 Payments of dividends and other distributions.** Any dividend or other distribution payable in cash to shareholders will be paid by cheque or by electronic means or by such other method as the directors may determine. The payment will be made to or to the order of each registered holder of shares in respect of which the payment is to be made. Cheques will be sent to the registered holder's recorded address, unless the holder otherwise directs. In case of joint holders, the payment will be made to the order of all such joint holders and, if applicable, sent to them at their recorded address, unless such joint holders otherwise direct. The sending of the cheque or the sending of the payment by electronic means or the sending of the payment by a method determined by the directors in an amount equal to the dividend or other distribution to be paid less any tax the Corporation is required to withhold will satisfy and discharge the liability for the payment unless payment is not made upon presentation, if applicable.

Section 3.3 **Non-Receipt of payment.** In the event of non-receipt of any payment made as contemplated by section 3.2 by the person to whom it is sent, the Corporation may issue re-payment to such person for a like amount. The directors may determine, whether generally or in any particular case, the terms on which any re-payment may be made, including terms as to indemnity, reimbursement of expenses, and evidence of non-receipt and of title.

Section 3.4 **Record date for dividends and rights.** The Board may fix in advance a date, preceding by not more than 50 days, the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, provided that notice of any such record date shall be given, not less than 7 days before such record date. Where no record date is fixed so, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

Section 3.5 **Unclaimed dividends.** Any dividend unclaimed after the expiry of the applicable limitation period shall be forfeited and shall revert to the Corporation.

#### PART 4 DIRECTORS AND OFFICERS

Section 4.1 **Number of Directors.** Subject to the articles, the Board shall consist of the number of directors specified in the articles, except that if the articles provide for a minimum and maximum number of directors, the Board shall consist of the number of directors determined from time to time by a special resolution of the shareholders (or, if the directors are empowered by a special resolution to determine the number, by a resolution of the Board) within such minimum and maximum.

Section 4.2 **Quorum.** Subject to the Act, a quorum for the transaction of business shall be a majority of the number of directors as determined in accordance with Section 4.1. If there is no quorum at a meeting, a majority of the directors present may adjourn the meeting to a fixed time and place, but no other business may be transacted thereat.

Section 4.3 **Election and term.** The election of directors shall take place at the first meeting of shareholders and at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election need not be by ballot unless a ballot is demanded by any shareholder or required by the chairman of the meeting. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

Section 4.4 **Removal of Directors.** Subject to the Act, the shareholders may, by ordinary resolution passed at a special meeting, remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the Board.

Section 4.5 **First meeting of new Board.** Provided a quorum of directors is present, each newly elected Board may, without notice, hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

Section 4.6 **Regular meetings.** Subject to the Act, the Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named.

Section 4.7 **Meeting by communication facilities.** If all the directors present at or participating in the meeting consent, a meeting of the Board or of a committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means shall be deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board. If a majority of the directors participating in a meeting held under this section are then in Canada, the meeting shall be deemed to have been held in Canada.

Section 4.8 **Place of meetings.** Meetings of the Board may be held at any place within or outside Ontario.

Section 4.9 **Calling of meetings.** Meetings of the Board shall be held from time to time at such time and at such place as the Board, the chairman of the Board, the president, a vice-president or any two directors may determine.

Section 4.10 **Notice of meeting.** Notice of the time and place of each meeting of the Board shall be given to each Director at least 48 hours before the meeting in the manner provided in section 6.1. A notice of meeting of the Board need not specify the business to be transacted at the meeting except as may be required by the Act.

Section 4.11 **Chairman.** The chairman of the Board or, if he is not present, the president of the Corporation or, in the absence of both of them, a director designated by the Board shall act as chairman at each meeting of the Board.

Section 4.12 **Votes to Govern.** At all meetings of the Board every question shall be decided by a majority of the votes cast on the question of those directors entitled to vote. In case of an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

Section 4.13 **Committees.** The Board may from time to time appoint committees composed of directors and/or other persons which may exercise such powers as, subject to any limitations prescribed by the Act, the Board may delegate to them and shall have such other functions as the Board may determine.

Section 4.15 **Officers.** The Board may from time to time elect or appoint officers of the Corporation and specify the powers and duties of the officers.

## PART 5 PROTECTION OF DIRECTORS, OFFICERS AND OTHERS.

Section 5.1 **Limitation of liability.** No director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or on which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or

effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on such individual's part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of such individual's office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations or from liability for any breach thereof.

**Section 5.2 Indemnity.** Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, if:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interest of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that the individual's conduct was lawful.

**Section 5.3 Insurance.** Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of its directors and officers as such, as the Board may from time to time determine.

## **PART 6 NOTICES**

**Section 6.1 Method of giving notices.** Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Regulations, the articles, the by-laws or otherwise to a shareholder, director, officer or member of a committee of the Board or to the auditors shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to such person's recorded address or if mailed to such person at such person's recorded address by prepaid ordinary or air mail or if sent to such person at such person's recorded address by facsimile or if provided to such person by electronic means in accordance with the *Electronic Commerce Act, 2002* (Ontario). A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been received by the addressee on the fifth day after mailing; and a notice so provided by electronic means (including by facsimile) shall be deemed to have been sent and received in the manner and at the time specified in the *Electronic Commerce Act, 2002* (Ontario). The secretary of the Corporation may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by the secretary to be reliable.

**Section 6.2 Notice of joint shareholders.** If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

Section 6.3 **Computation of time.** In computing the date when notice must be given under any provisions requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

Section 6.4 **Undelivered notices.** If any notice given to a shareholder pursuant to section 6.1 is returned on two consecutive occasions because such shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until such shareholder informs the Corporation in writing of such shareholder's new address.

Section 6.5 **Omissions and errors.** The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

## PART 7 EXECUTION OF DOCUMENTS

Section 7.1 **Execution of documents.** Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by two persons each being a director or officer of the Corporation. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal (if any) to any instrument. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

Section 7.2 **Execution in counterpart.** Any articles, notice, resolution, requisition, statement or other document required or permitted to be executed in several documents of like form each of which is executed by all persons required or permitted, as the case may be, to do so, shall be deemed to constitute one document and to bear date as of the date of execution thereof by the last person.

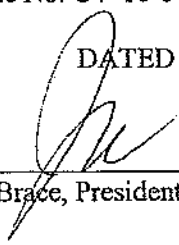
## PART 8 EFFECTIVE DATE

Section 8.1 This by-law is effective January 1, 2011.

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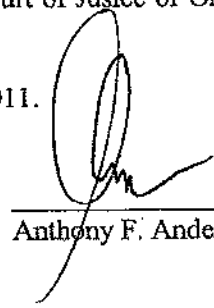
CERTIFIED to be By-Law No. 1 of the Corporation, as authorized pursuant to a Plan of Arrangement relating to Northland Power Income Fund and its subsidiaries and which Plan of Arrangement was approved by the Superior Court of Justice of Ontario by a Final Order (Court File No. CV-10-8720-00CL) on June 28, 2010.

DATED as of the 1st day of January, 2011.



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John W. Brace, President



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Anthony F. Anderson, Secretary