

**INNERGEX RENEWABLE ENERGY INC.**



**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR –  
SOLICITATION OF PROXIES**

**April 4, 2011**



## INNERGEX RENEWABLE ENERGY INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the shareholders of Innergex Renewable Energy Inc. (the "**Corporation**") will be held on May 10, 2011 at 3:00 p.m. at Hotel Le Crystal, Crescent Room, 3<sup>rd</sup> floor, 1100 de la Montagne Street West, Montréal, Province of Québec, for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2010, together with the report of the auditors thereon;
2. To elect directors for the ensuing year;
3. To appoint the auditors of the Corporation for the ensuing year and authorize the directors of the Corporation to fix their remuneration;
4. To consider and, if deemed appropriate, to adopt, with or without variation, a special resolution to amend the articles of the Corporation to, *inter alia*, introduce a voting right, in certain limited circumstances, for holders of preferred shares of the Corporation;
5. To consider and, if deemed appropriate, to adopt, with or without variation, a special resolution to reduce the stated capital account maintained in respect of the common shares of the Corporation to \$500,000, and to credit to the contributed surplus account of the Corporation an amount equal to the difference between the current stated capital account maintained in respect of the common shares and \$500,000;
6. To consider and, if deemed appropriate, to adopt, with or without variation, a resolution to approve the amendment proposed to be made to the stock option plan of the Corporation to increase the maximum number of common shares of the Corporation available for issuance pursuant to options granted under the stock option plan to 4,064,123; and
7. To transact such other business that may properly come before the Meeting or any adjournment thereof.

April 4, 2011 has been chosen as the record date for determining those shareholders of the Corporation entitled to receive notice of and to vote at the Meeting. The accompanying management information circular (the "**Circular**") provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

In order to ensure representation at the Meeting, registered shareholders must complete the enclosed form of proxy and submit it as soon as possible but not later than 5:00 p.m. (Montreal time) on Friday, May 6, 2011 or 48 hours prior to the time of any adjournment or postponement of the Meeting (or such earlier time as required by your nominee) as set out in the accompanying Circular.

Non-registered shareholders or shareholders that hold their shares in the name of a "nominee", such as a bank, trust company, securities broker or other financial institution, must seek instructions from their nominee as to how to complete their form of proxy and vote their shares. Non-registered shareholders will have received the accompanying Circular in a mailing from their nominee, together with the appropriate form of proxy or voting instruction form. It is important that non-registered shareholders adhere to the voting instructions provided to them by their nominee.

*Les actionnaires qui préfèrent recevoir la présente circulaire d'information de la direction en français n'ont qu'à en aviser le secrétaire corporatif de la société.*

Dated at Longueuil, Québec, this 4<sup>th</sup> day of April, 2011.

By order of the Board of Directors  
INNERGEX RENEWABLE ENERGY INC.

(s) Nathalie Thériège

Nathalie Thériège  
Corporate Secretary



## INNERGEX RENEWABLE ENERGY INC.

### MANAGEMENT INFORMATION CIRCULAR

This management information circular (the “**Circular**”) is provided in connection with the solicitation of proxies to be used at the annual and special meeting of shareholders of Innergex Renewable Energy Inc. (the “**Corporation**”) to be held on May 10, 2011 at 3:00 p.m. at Hotel Le Crystal, Crescent Room, 3<sup>rd</sup> floor, 1100 de la Montagne Street West, Montréal, Province of Québec, or at any adjournment thereof (the “**Meeting**”) for the purposes set forth in the Corporation’s notice of Meeting (the “**Notice of Meeting**”).

**The enclosed proxy is being solicited by the management of the Corporation.** The solicitation is being made primarily by mail, but proxies may also be solicited by telephone, by facsimile, by the internet, by advertisement or by other personal contact by directors, officers and other employees of the Corporation. The entire cost of the solicitation will be borne by the Corporation.

Unless otherwise indicated, the information contained in this Circular is given as at April 4, 2011.

### VOTING BY REGISTERED SHAREHOLDERS

In order to ensure representation at the Meeting, registered shareholders of the Corporation must complete, date and sign the enclosed form of proxy, or other appropriate form of proxy and, in either case, (i) deliver the completed proxy to the Corporation’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, Canada M5J 2Y1 in the addressed prepaid envelope enclosed; or (ii) submit the completed proxy to Computershare Investor Services Inc., facsimile number (416) 263-9524 or 1-866-249-7775, by no later than 5:00 p.m. (Montreal time) on Friday, May 6, 2011 or 48 hours prior to the time of any adjournment or postponement of the Meeting as set out in the accompanying Circular.

### VOTING BY NON-REGISTERED SHAREHOLDERS

Only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of common shares of the Corporation (the “**Common Shares**”) can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then, in almost all cases, those Common Shares will not be registered in your name on the records of the Corporation. Such Common Shares will likely be registered under the name of your broker or an agent of your broker (each, an “**Intermediary**”). In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms.

Non-registered shareholders will receive either voting instruction forms or, less frequently, forms of proxy. The purpose of these forms is to permit such shareholders to direct the voting of the Common Shares they beneficially own. A summary of the general procedure to be followed by non-registered shareholders is set out below. This summary is subject to the specific instructions that non-registered shareholders receive on the forms they receive from Intermediaries.

In most cases, a non-registered shareholder will receive, as part of the materials for the Meeting, a voting instruction form. If the non-registered shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the voting instruction form must be completed in accordance with the directions on the form. If a non-registered shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the non-registered shareholder must complete the voting instruction form in accordance with the directions provided, and a proxy, giving the right to attend and vote, will be forwarded to the non-registered shareholder.

Less frequently, a non-registered shareholder will receive, as part of the materials for the Meeting, forms of proxy that have already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of

Common Shares beneficially owned by the non-registered shareholder but which is otherwise uncompleted. If the non-registered shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the non-registered shareholder must complete a proxy using one of the methods described therein. If a non-registered shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the non-registered shareholder must strike out the names of the persons named in the proxy and insert the non-registered shareholder's (or such other person's) name in the blank space provided and return the proxy in accordance with the instructions provided by the Intermediary.

In accordance with the requirements of Regulation 54-101 *Respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* (Québec), the Corporation has caused to be distributed the Notice of Meeting and this Circular to CDS and the Intermediaries for onward distribution to non-registered shareholders. Intermediaries are required to forward such materials to non-registered shareholders unless a non-registered shareholder has waived the right to receive them. Usually, Intermediaries will use service companies to forward such materials to non-registered shareholders.

**Non-registered shareholders should follow the instructions on the forms they receive from their Intermediaries and contact their Intermediaries promptly if they need assistance.**

### **APPOINTMENT OF AUTHORIZED REPRESENTATIVE BY PROXY**

The persons named in the accompanying form of proxy are officers of the Corporation. **Each shareholder has the right to appoint a person, other than a person designated in the accompanying form of proxy or voting instruction form, who need not be a shareholder of the Corporation, to attend and act on behalf of the shareholder at the Meeting. To exercise this right, a shareholder may either insert such other person's name in the blank space provided in the accompanying form of proxy or voting instruction form and strike out the names of the nominees indicated therein or complete another proper form of proxy.**

### **REVOCATION OF PROXIES**

**A shareholder of the Corporation may revoke an instrument of proxy at any time prior to the exercise thereof.** If a shareholder who has given a proxy personally attends the Meeting at which such proxy is to be voted, such shareholder may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney authorized in writing, and deposited either (i) at the offices of the Corporation to the attention of the Corporate Secretary, at 1111 St-Charles Street West, East Tower, Suite 1255, Longueuil, Province of Québec, J4K 5G4, or (ii) at the offices of Computershare Investor Services Inc. at the location specified above at any time up to and including 24 hours, excluding Saturdays, Sundays and Holidays, preceding the day of the Meeting or any adjournment thereof, or (iii) with the consent of the Chairman of such Meeting, on the day of the Meeting or any adjournment thereof.

### **EXERCISE OF VOTING RIGHTS BY PROXIES**

The persons named in the enclosed form of proxy or voting instruction form will vote the Common Shares in respect of which they are appointed as proxy in accordance with the instructions given by the shareholder thereon. **In the absence of such instructions, Common Shares will be voted IN FAVOUR of the matters identified in this notice.**

The enclosed form of proxy or voting instruction form confers discretionary authority with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to any other matter which may properly come before the Meeting. As at the date of this Circular, the Corporation is not aware of any amendments, variations or other matters proposed or likely to come before the Meeting, except those that are indicated in the Notice of Meeting. If any matters which are not known as of the date hereof should properly come at the Meeting, the persons named in the accompanying form of proxy or voting instruction form will vote on such matters in accordance with their best judgment.

## VOTING OF SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. There are currently 81,282,460 Common Shares issued and outstanding. Each Common Share entitles the holder thereof to vote at any meeting of shareholders. All holders of Common Shares of record at the close of business on April 4, 2011 will be entitled to receive notice of the Meeting and to vote at the Meeting.

On September 9, 2010, the articles of the Corporation were amended to create the Cumulative Rate Reset Preferred Shares, Series A (the “**Series A Shares**”) and the Cumulative Floating Rate Preferred Shares, Series B (the “**Series B Shares**”). There are currently 3,400,000 Series A Shares issued and outstanding. No Series B Shares are currently issued and outstanding. The holders of Series A Shares are not as such entitled to receive notice of or vote at the Meeting.

Unless otherwise indicated, the matters submitted to vote at the Meeting must be approved by a majority of votes of the holders of Common Shares attending the Meeting in person or by proxy.

To the knowledge of the directors and executive officers of the Corporation, on April 4, 2011, no person beneficially owned or controlled or directed, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all Common Shares, other than the following person:

Person	Common Shares Beneficially Owned or Controlled or Directed	Approximate Percentage of Issued and Outstanding Common Shares Beneficially Owned or Controlled or Directed
Goodman & Company, Investment Counsel Ltd.	11,124,552	13.69%

## MATTERS TO BE ACTED UPON AT THE MEETING

As of the date hereof, to the knowledge of the directors of the Corporation, the only matters to be dealt with at the Meeting are the following:

1. To receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2010 (“**Fiscal 2010**”), together with the report of the auditors thereon;
2. To elect directors for the ensuing year;
3. To appoint the auditors of the Corporation for the ensuing year and authorize the directors of the Corporation to fix their remuneration;
4. To consider and, if deemed appropriate, to adopt, with or without variation, a special resolution to amend the articles of the Corporation to, *inter alia*, introduce a voting right, in certain limited circumstances, for holders of preferred shares of the Corporation;
5. To consider and, if deemed appropriate, to adopt, with or without variation, a special resolution to reduce the stated capital account maintained in respect of the Common Shares to \$500,000, and to credit to the contributed surplus account of the Corporation an amount equal to the difference between the current stated capital account maintained in respect of the Common Shares and \$500,000;

6. To consider and, if deemed appropriate, to adopt, with or without variation, a resolution to approve the amendment proposed to be made to the stock option plan of the Corporation to increase the maximum number of common shares of the Corporation available for issuance pursuant to options granted under the stock option plan to 4,064,123; and
7. To transact such other business that may properly come before the Meeting.

## PRESENTATION OF FINANCIAL STATEMENTS

The Corporation's audited consolidated financial statements for Fiscal 2010, together with the report of the auditors thereon will be placed before the Meeting. The annual audited consolidated financial statements of the Corporation are available on SEDAR at [www.sedar.com](http://www.sedar.com). No vote with respect thereto is required nor will be taken.

## ELECTION OF DIRECTORS

Pursuant to the Articles of the Corporation, the business of the Corporation is managed by a board of directors (the "Board") composed of a minimum of three and a maximum of ten directors.

The Corporation was acquired by way of a reverse take over by Innergex Power Income Fund (the "Fund") on March 29, 2010 (the "Effective Date") pursuant to a Plan of Arrangement approved by the shareholders of the Corporation and by the unitholders of the Fund on March 24, 2010 and by Final Order of the Superior Court of Québec on March 26, 2010 (the "Arrangement").

On the Effective Date and pursuant to the Arrangement, the number of directors forming the Board was increased from seven to nine, and Jean La Couture and Daniel L. Lafrance, both of whom were trustees of Innergex Power Trust (the "Trust") (a wholly-owned subsidiary of the Fund) at the time of the Arrangement, were appointed to the Board. Immediately thereafter, each of Gilles Lefrançois, Raymond Laurin and Cyrille Vittecoq resigned as directors of the Corporation and the vacancies thereby created were filled with each of John A. Hanna, Richard Laflamme and Lise Lachapelle, also trustees of the Trust at the time, being successively appointed as directors of the Corporation.

Consequently, the Board is presently composed of nine directors, consisting of five individuals appointed to the Board in the context of the Arrangement (being John A. Hanna, Lise Lachapelle, Jean La Couture, Richard Laflamme and Daniel L. Lafrance); and four individuals who were members of the Board prior to the Arrangement (being Michel Letellier, Pierre Brodeur, William A. Lambert and Susan M. Smith). Michel Letellier, as the President and Chief Executive Officer of the Corporation, is the only non-independent director on the Board. Jean La Couture, former Chairman of the Board of trustees of the Trust, was appointed Chairman of the Board following the Arrangement.

Pierre Brodeur has indicated to the Corporation that he does not intend to stand for reelection as a director of the Corporation at the Meeting. Management of the Corporation recommends that the Board be composed of the remaining eight directors of the Corporation for the coming year, namely, John A. Hanna, Lise Lachapelle, Jean La Couture, Richard Laflamme, Daniel L. Lafrance, William A. Lambert, Michel Letellier and Susan M. Smith. **Except where the authority to vote in favour of the directors is withheld, the persons whose names are printed on the form of proxy intend to vote IN FAVOUR of the election of each of the eight proposed nominees whose names are set forth below under the heading "Nominees" as directors of the Corporation.**

Management of the Corporation has no reason to believe that any of such nominees will be unable or unwilling to serve as a director but if either of those circumstances should occur prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion, unless the shareholder has specified in the form of proxy that his or her Common Shares are to be withheld from voting on the election of directors. Each director elected will hold office until the next annual general meeting or until the election of his successor unless he or she resigns or his or her office is earlier vacated in accordance with applicable law.



## Majority Voting Policy

The Board has adopted a policy providing that, in an election of directors, any nominee who receives a greater number of votes withheld than votes in favour of his/her election must tender his/her resignation to the Board immediately following the shareholders' meeting. Under this policy, the Board will make its final decision of whether or not to accept the resignation and announce such decision in a press release within ninety (90) days following the shareholders' meeting. A director who tenders his/her resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered. This policy does not apply in circumstances involving contested director elections.

## Nominees

The following table sets forth the names of all persons proposed to be nominated for election as directors (the "Nominees"), their place of residence, their principal occupation(s) for the preceding five years, their other directorships, the date on which they became directors of the Corporation, the Board committees of the Corporation on which they serve and the number of securities of the Corporation beneficially owned, or over which control or direction is exercised, directly or indirectly, by each of them, as at April 4, 2011.

Name, Residence, Principal Occupation & Other Directorships	Director since	Common Shares beneficially owned or controlled or directed	Percentage of Common Shares
<b>JOHN A. HANNA<sup>(1)(2)</sup></b>			
John A. Hanna, of Toronto, Ontario, has acted as a corporate director as his principal occupation since November 2005. From 2003 until July 2005, John A. Hanna was Chief Executive Officer of Rexel Canada Electrical Inc.	June 2003	53,800	0.066%
John A. Hanna graduated from Loyola University (now Concordia University) in 1967 with a bachelor's degree of commerce (accounting) and is also a Fellow of the Certified General Accountants Association (1990).			
John A. Hanna currently acts as a director of Uni-Sélect Inc., a reporting issuer. Since April 2009, John A. Hanna has acted as a member of the independent audit committee of Transport Canada and Infrastructure Canada.			
John A. Hanna is the chairperson of the Audit Committee.			
<b>LISE LACHAPELLE<sup>(1)</sup></b>			
Lise Lachapelle, of Île-des-Soeurs, Québec, has acted as a corporate director and consultant as her principal occupation since January 2002. She was President of the Canadian Pulp and Paper Association from 1994 to 2002 and now acts as advisor to corporations and governments on strategic and economic issues.	June 2003	10,220	0.013%
Lise Lachapelle graduated in 1971 with a bachelor's degree in business administration from Université de Montréal (HEC Montréal).			
Lise Lachapelle currently acts as a director of Russel Metals Inc. and Industrial-Alliance Insurance and Financial Services Inc., which are reporting issuers.			
Lise Lachapelle is the chairperson of the Corporate Governance Committee.			

Name, Residence, Principal Occupation & Other Directorships	Director since	Common Shares beneficially owned or controlled or directed	Percentage of Common Shares
<p><b>JEAN LA COUTURE<sup>(1)(3)</sup></b></p> <p>Jean La Couture, of Montréal, Québec, is President of Huis Clos Ltée, a management and mediation firm. He is also President of the “Regroupement des assureurs de personnes à charte du Québec”, a Quebec association of life insurers, and President of the Institute of Corporate Directors, Quebec Chapter. Jean La Couture currently serves on the Board of Directors of several other private and public companies. He is Chairman of the Board of Groupe Pomerleau and Maestro (real estate). He is also Chairman of the Audit Committee of Quebecor Inc. and a director of Immunotec Inc. and Jevco Insurance Company, a principal affiliate of The Westaim Corporation (all of which are reporting issuers, except Jevco Insurance Company).</p> <p>Jean La Couture is Chairman of the Board, the chairman of the Nominating Committee and a member of the Human Resources Committee and the Audit Committee.</p>	June 2003	15,140	0.019%
<p><b>RICHARD LAFLAMME<sup>(1)</sup></b></p> <p>Richard Laflamme, of L’Ancienne-Lorette, Québec, is General Manager of the Université du Québec Pension Fund since April 2004.</p> <p>Richard Laflamme was a director of Innergex Inc. from 1997 until 2003 and was Chairman of the Board of Directors of Innergex GP Inc. from 1997 to 1999.</p> <p>Richard Laflamme has held various positions with the Fédération des Caisses Desjardins du Québec from 1984 to 2004.</p> <p>Richard Laflamme graduated in business and accounting from Université Laval (1983) and graduated from the Canadian Securities Institute (IDA 1988).</p> <p>Richard Laflamme currently sits on the boards of various non-profit organizations. He has been an independent member of the retirement committees of the policemen and policewomen as well as of the manual workers of Québec City since 2008.</p> <p>Richard Laflamme is a member of the Human Resources Committee, the Corporate Governance Committee and the Nominating Committee.</p>	June 2003	9,280	0.011%
<p><b>DANIEL L. LAFRANCE<sup>(1)</sup></b></p> <p>Daniel L. Lafrance, of Kirkland, Québec, is Senior Vice-President Finance and Procurement, Chief Financial Officer and Secretary of Lantic Inc., wholly owned by Rogers Sugar Inc.</p> <p>Daniel L. Lafrance holds a bachelor’s degree in business (1976) and a specialty in accounting (1977) from the University of Ottawa. Daniel L. Lafrance has also been a member of the Canadian Institute of Chartered Accountants since 1980.</p> <p>Daniel L. Lafrance currently acts as a director of the Canadian Sugar Institute.</p> <p>Daniel L. Lafrance is a member of the Audit Committee.</p>	June 2003	14,600	0.018%

Name, Residence, Principal Occupation & Other Directorships	Director since	Common Shares beneficially owned or controlled or directed	Percentage of Common Shares
<b>WILLIAM A. LAMBERT</b>			
William A. Lambert, of Toronto, Ontario, has acted as a corporated director as his principal occupation since December 2009. He was a partner of Birch Hill Equity Partners from August 2005 to December 2009 and was an officer of TD Capital Group Limited from 1987 to January 2006.	October 2007	153,300	0.189%
William A. Lambert received an MBA from York University and a Bachelor's of Science in Electrical Engineering from the Massachusetts Institute of Technology.			
William A. Lambert currently acts as a director of Marsulex Inc., Ag Growth International Inc. and Biox Corporation, all of which are reporting issuers.			
William A. Lambert is a member of the Corporate Governance Committee and the Nominating Committee.			
<b>MICHEL LETELLIER</b>			
Michel Letellier, of Candiac, Québec, has been the President and Chief Executive Officer of the Corporation since October 25, 2007. Michel Letellier acted as Executive Vice President and Chief Financial Officer of the Corporation from 2003 until his appointment as President of the Corporation. From 1997 to 2003, Michel Letellier was Vice President and Chief Financial Officer of Innergex GP Inc. and was responsible for the financial management of the affairs of Innergex GP Inc., Innergex, Limited Partnership and Innergex Power Income Fund.	October 2002	603,808	0.743%
Michel Letellier holds a MBA from Université de Sherbrooke as well as a bachelor's degree in commerce (finance) from Université du Québec à Montréal.			
<b>SUSAN M. SMITH</b>			
Susan M. Smith, of Toronto, Ontario, presently serves on the board of Optosecurity Inc. and is the Chair of the Audit Committee. She also serves as director of CARE Canada. Susan M. Smith was President and Chief Executive Officer of RBC Technology Ventures Inc. (a wholly-owned subsidiary of Royal Bank of Canada) and Senior Vice President of Royal Bank of Canada from 1997 to June 2007. Susan M. Smith held various other positions with the Royal Bank of Canada between 1977 and 1997, notably in corporate banking and institutional banking.	December 2007	2,000	0.002%
Susan M. Smith holds a MBA from the Ivey School of Business, University of Western Ontario, and a Bachelor of Arts degree from Dalhousie University.			
Susan M. Smith has served as a director on various private technology fund boards, including Primaxis Technology Ventures, Foragen Technology Management Inc. and Milestone Medica Corporation.			
Susan M. Smith is a member of the Corporate Governance Committee and the Nominating Committee.			

(1) John A. Hanna, Lise Lachapelle, Jean La Couture, Richard Laflamme and Daniel L. Lafrance were appointed directors of the Corporation on March 29, 2010 upon completion of the Arrangement. Prior to the Arrangement, they had all been trustees of the Fund since 2003.

(2) John A. Hanna also holds 4,000 Series A Shares, representing 0.118% of the total number of Series A Shares issued and outstanding.

(3) Jean La Couture also holds \$200,000 principal amount of convertible debentures of the Corporation (the "Convertible Debentures"). The Convertible Debentures are convertible at the holder's option into Common Shares at a conversion price of \$10.65 per Common Share, being a ratio of approximately 93.8967 Common Shares per \$1,000 principal amount of Convertible Debentures.

### Policy regarding minimum shareholding by Directors

The Board adopted a Policy Regarding Minimum Shareholding by Directors on June 1, 2010 whereby the non-management directors of the Corporation are required to acquire, over a three-year period, a number of Common Shares having an

investment value equal to at least three times their annual base retainer and shall maintain such participation as long as they remain directors of the Corporation. The investment in Common Shares is valued under the policy at the greater of (i) the closing price of the Common Shares at the end of the preceding fiscal year or (ii) their acquisition cost at the time they were acquired (which acquisition cost is deemed to be \$8.32 for all shares acquired in the context of the Arrangement and \$11.00 for the shares acquired on or prior the IPO of the Corporation). The three-year period began on March 29, 2010 for the current directors and, for any future director, will begin at the date of his/her election.

### **Bankruptcy and Insolvency**

As a director of Quebecor Inc., the controlling shareholder of Quebecor World Inc., Jean La Couture was asked to join the board of directors of Quebecor World Inc. on December 10, 2007. On January 21, 2008, Quebecor World Inc. filed for protection under the *Companies Creditors Arrangement Act* in Canada and Chapter 11 of the U.S. *Bankruptcy Code*. Jean La Couture resigned as Director of Quebecor World Inc. on December 16, 2008.

Lise Lachapelle was a director of AbitibiBowater Inc. from 2007 to December 2010. In April 2009, AbitibiBowater Inc., together with certain of its U.S. and Canadian subsidiaries, filed voluntary petitions in the United States *Bankruptcy Court* for the District of Delaware for relief under the provisions of Chapter 11 and Chapter 15 of the United States *Bankruptcy Code*, as amended, and certain of its Canadian subsidiaries sought creditor protection under the *Companies' Creditors Arrangement Act* with the Superior Court of Québec in Canada. AbitibiBowater Inc. has completed its reorganization and has emerged from creditor protection under the *Companies' Creditors Protection Act* in Canada and Chapter 11 of US *Bankruptcy Code*, and was relieved of Bankruptcy protection in December 2010.

To the knowledge of the Corporation and with the exception of the foregoing, none of the Nominees (a) is, as of the date of this Circular, nor has been within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of a corporation that (i) was subject to a cease trade order, an order similar to a cease trade order or an order which denied a company access to any exemption under securities legislation which was in effect for a period of more than 30 consecutive days that was issued while the nominee was acting in the capacity of director, chief executive officer or chief financial officer, or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order which denied a company access to any exemption under securities legislation that was in effect that was issued after the Nominee 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 of director, chief executive officer or chief financial officer, (b) is, as of the date of this Circular, nor has been within ten years before the date of this Circular, 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 ten years before the date of this Circular, 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 Nominee.

## Record of Attendance

The following table sets forth the record of attendance of the directors of the Corporation for meetings of the Board and, where applicable, for meetings of the Audit Committee, the Corporate Governance Committee, the Human Resources Committee and the Nominating Committee<sup>(1)</sup> for Fiscal 2010.

Director	Number of Board Meetings Attended <sup>(2)</sup>		Number of Audit Committee Meetings Attended	Number of Corporate Governance Committee Meetings Attended	Number of Human Resources Committee Attended
	Pre-Arrangement	Post Arrangement			
PIERRE BRODEUR	6 / 6	10 / 10	4	N/A	2
JOHN A. HANNA	* <sup>(3)</sup>	10 / 10	3	N/A	N/A
JEAN LA COUTURE	* <sup>(3)</sup>	10 / 10	3	2	1
LISE LACHAPELLE	* <sup>(3)</sup>	9 / 10	N/A	3	N/A
RICHARD LAFLAMME	* <sup>(3)</sup>	10 / 10	N/A	3	2
DANIEL L. LAFRANCE	* <sup>(3)</sup>	10 / 10	3	N/A	N/A
WILLIAM A. LAMBERT	6 / 6	8 / 10	N/A	2	N/A
RAYMOND LAURIN (RESIGNED MARCH 29, 2010)	4 / 6	N/A <sup>(2)</sup>	1	N/A	N/A
GILLES LEFRANÇOIS (RESIGNED MARCH 29, 2010)	4 / 6	N/A <sup>(2)</sup>	N/A	N/A	N/A
MICHEL LETELLIER	6 / 6	10 / 10	N/A	N/A	N/A
SUSAN M. SMITH	5 / 6	10 / 10	N/A	3	N/A
CYRILLE VITTECOQ (RESIGNED MARCH 29, 2010)	5 / 6	N/A <sup>(2)</sup>	1	N/A	N/A

<sup>(1)</sup> The Compensation, Corporate Governance and Nominating Committee was dissolved following the Arrangement and has been replaced by three separate committees, namely the Corporate Governance Committee, the Human Resources Committee and the Nominating Committee. Following the Arrangement, the first meeting of the Nominating Committee took place in the first quarter of 2011.

<sup>(2)</sup> Prior to the Arrangement, the Board of the Corporation was composed of seven members. In connection with the Arrangement, the size of the Board was increased to nine and Raymond Laurin, Gilles Lefrançois and Cyrille Vittecoq resigned as members of the Board.

<sup>(3)</sup> Prior to March 29, 2010, (i) John A. Hanna, Jean La Couture, Lise Lachapelle, Richard Laflamme and Daniel L. Lafrance were trustees of the Trust and attended five meetings of the Board of Trustees; (ii) John A. Hanna, Jean La Couture and Daniel L. Lafrance each attended one meeting of the Audit Committee of the Trust; and (iii) John A. Hanna, Jean La Couture, Lise Lachapelle and Daniel L. Lafrance each attended two meetings of the special committee which was created for the Arrangement. The aforementioned meetings are not reflected in the table above.

## COMPENSATION OF DIRECTORS

The following table provides a summary of the compensation earned by the directors of the Corporation (other than Gilles Lefrançois and Michel Letellier who also acted as officers of the Corporation in Fiscal 2010 and who did not receive any compensation for their services as directors) for services received in such capacity during Fiscal 2010.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
PIERRE BRODEUR	90,050	–	–	–	–	–	90,050
JOHN A. HANNA <sup>(1)</sup>	78,500	–	–	–	–	–	78,500
JEAN LA COUTURE <sup>(1)</sup>	110,000	–	–	–	–	–	110,000
LISE LACHAPELLE <sup>(1)</sup>	70,500	–	–	–	–	–	70,500
RICHARD LAFLAMME <sup>(1)</sup>	70,000	–	–	–	–	–	70,000
DANIEL L. LAFRANCE <sup>(1)</sup>	104,750	–	–	–	–	–	104,750
WILLIAM A. LAMBERT	55,350	–	–	–	–	–	55,350
RAYMOND LAURIN <sup>(2)</sup>	16,350	–	–	–	–	–	16,350
SUSAN M. SMITH	73,650	–	–	–	–	–	73,650
CYRILLE VITTECOQ <sup>(2)</sup>	51,050	–	–	–	–	–	51,050

<sup>(1)</sup> John A. Hanna, Lise Lachapelle, Jean La Couture, Richard Laflamme and Daniel L. Lafrance were appointed directors of the Corporation on March 29, 2010 upon completion of the Arrangement. Prior to the Arrangement, they had been trustees of the Fund since 2003. The compensation paid prior to the Arrangement to the trustees of the Trust is also included in the foregoing table.

<sup>(2)</sup> Cyrille Vittecoq and Raymond Laurin resigned as members of the Board effective March 29, 2010 in connection with the Arrangement.

In Fiscal 2010, directors (other than Michel Letellier and Gilles Lefrançois) were paid a base compensation and were paid for attendance at the Corporation's Board meetings in accordance with the amounts set out below. Directors of the Corporation who were also officers of the Corporation, including Michel Letellier and Gilles Lefrançois, were not entitled to any remuneration for their services to the Corporation as directors. All directors (other than members of the management of the Corporation) were reimbursed for out-of-pocket expenses incurred in connection with their duties as directors. The Board has reviewed the fees payable to directors and committee members for financial year commencing January 1, 2011 to, among other things, adjust them to match the fees payable to boards of other companies of similar size.

Compensation	Fiscal 2010		Fiscal 2011	
	Amount	Total Earned	Amount	Total Payable
Directors' base compensation	\$30,000 per year	\$225,000	\$35,000 per year	\$245,000
Lead Director <sup>(1)</sup>	\$5,000 per year	\$1,250	N/A	N/A
Chairman of Board	\$65,000 <sup>(2)</sup>	\$65,000 <sup>(2)</sup>	\$70,000 <sup>(2)</sup>	\$70,000 <sup>(2)</sup>
Chair of Committee (other than Audit Committee)	\$5,000 per year	\$22,500	\$5,000 per year	\$15,000
Chair of Audit Committee	\$10,000 per year	\$10,000	\$10,000 per year	\$10,000
Attendance at Meetings				
- in person	\$1,500 per meeting	Determined according to number of meetings	\$1,500 per meeting	Determined according to number of meetings
- by conference call	\$750 per meeting (if less than 1 hour); \$1,500 per meeting (otherwise)		\$750 per meeting (if less than 1 hour); \$1,500 per meeting (otherwise)	

(1) This position ceased to exist in March 2010 since the Chairman of the Board is an Independent Director.

(2) All inclusive, no attendance fees are paid.

### APPOINTMENT OF AUDITORS OF THE CORPORATION

Samson Bélair/Deloitte & Touche s.e.n.c.r.l., have been acting as auditors of the Corporation since 2004.

**The persons named in the accompanying form of proxy intend to vote IN FAVOUR of the resolution appointing Samson Bélair/Deloitte & Touche s.e.n.c.r.l., Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are appointed, and authorizing the Board to fix their remuneration, unless the shareholder who has given the proxy has directed that the Common Shares represented thereby be withheld from voting in respect of the appointment of auditors.**

### AMENDMENT TO THE ARTICLES OF THE CORPORATION

At the Meeting, shareholders of the Corporation will be asked to consider and, if deemed appropriate, to adopt, with or without variation, a special resolution, in the form set forth in Schedule "A" to this Circular, approving amendments to the articles of incorporation of the Corporation dated October 25, 2002 (the "**Articles**") to introduce a voting right, in certain limited circumstances, for holders of preferred shares of the Corporation.

#### Background and Reasons for the Amendment

On September 14, 2010, the Corporation completed an offering (the "**Preferred Share Offering**") of 3,400,000 Series A Shares at a price of \$25 per share for gross proceeds of \$85 million.

Each holder of Series A Shares will have the right, at his option, on January 15, 2016 and on January 15 every five years thereafter, to convert all or any of his Series A Shares for Series B Shares (collectively with the Series A Shares, the

**“Preferred Shares”**), subject to certain conditions, on the basis of one Series B Share for every Series A Share so converted.

The rights, privileges, restrictions and conditions attaching to the Series A Shares and Series B Shares were approved by the Board and are described in the articles of amendment of the Corporation dated September 10, 2010 (the **“Articles of Amendment”**).

As described in the Articles of Amendment, holders of Preferred Shares will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of holders of Series A Shares or Series B Shares as a series, as applicable) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation, unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series A Shares or the Series B Shares, as applicable, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as the dividends remain in arrears, the holders of the Series A Shares or the Series B Shares, as applicable, will be entitled to receive notice of and to attend each meeting of the Corporation’s shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each Series A Share or Series B Share held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease (the **“Preferred Share Voting Rights”**).

The effectiveness of the Preferred Share Voting Rights is subject to the amendment of the Articles with respect to the voting rights’ provisions of the preferred shares as a class to give effect to such entitlement (the **“Amendment”**). The Amendment would also permit voting rights to be attached to other series of preferred shares of the Corporation in similar circumstances. The conditions attaching to the Series A Shares and Series B Shares provide that, in the event that the aforesaid amendment is not implemented, then the Corporation will, in the event that dividends are not paid as described in the above paragraph, take all necessary steps to nominate for election to the Board, one independent candidate proposed by the holders of the Series A Shares, Series B Shares or any other preferred shares with respect to which any right to vote upon failure of the Corporation to pay dividends is then in force, together as a class. Until all such dividends are paid in full, the nominee shall be nominated for election at each annual shareholders’ meeting. When such dividends are paid in full, the foregoing right shall be extinguished and the nominee shall immediately resign.

As provided in the Articles of Amendment, the Corporation is putting forward the Amendment for approval by shareholders at the Meeting. The Corporation is of the opinion that it is desirable to adopt the Amendment in order to give effect to the Preferred Share Voting Rights. The Corporation thus requests its shareholders to approve the special resolution reproduced under Schedule “A” of this Circular, which, if adopted, would authorize the Corporation to file a certificate of amendment in order to confirm and give effect to the Preferred Share Voting Rights summarized above and further described in the Articles of Amendment.

#### Vote Required and Recommendation of the Board

The text of the special resolution, which will be submitted to shareholders at the Meeting, is set forth in Schedule “A”, attached hereto. For the reasons indicated above, the Board believes that the Amendment is in the best interests of the Corporation and, accordingly, recommends that shareholders vote FOR the special resolution. The special resolution must be approved by not less than two-thirds of the votes cast by shareholders present in person or represented by proxy at the Meeting to be effective. **The persons whose names are printed in the form of proxy intend to vote FOR the adoption of the special resolution approving the Amendment unless specifically instructed on the form of proxy to vote against such special resolution.**



## Right to Dissent

**Subject to certain conditions, the shareholders of the Corporation have the right to dissent in respect of the special resolution regarding the Amendment. The text of section 190 of the *Canada Business Corporations Act* (the “Act”) is set out in Appendix B to this Circular. Failure to comply strictly with the requirements set forth in the Act may result in the loss or unavailability of any right to dissent.**

## **STATED CAPITAL REDUCTION**

At the Meeting, the shareholders will be asked to consider and, if deemed advisable, adopt, with or without amendments, a special resolution to reduce the stated capital account maintained in respect of the Common Shares to \$500,000, and to credit to the contributed surplus account maintained in respect of the Common Shares an amount equal to the difference between the current stated capital of the Common Shares and \$500,000.

### Background and Reasons for the Reduction of Stated Capital Account Maintained in respect of the Common Shares

Under the Act, a corporation is prohibited from taking certain actions, including purchasing its own shares and declaring or paying dividends on its shares, if, among other things, there are reasonable grounds for believing that the realizable value of the corporation’s assets would thereby be less than the aggregate of its liabilities and stated capital of all classes of shares.

The Corporation’s stated capital account maintained in respect of the Common Shares has recently increased following its issuance of Common Shares issued by way of private placement and in exchange for subscription receipts offered by the Corporation through a public offering in the context of the Corporation’s acquisition of all of the issued and outstanding shares of Cloudworks Energy Inc. on April 4, 2011.

In order to give the Board flexibility in declaring dividends in accordance with its stated policy and managing the Corporation’s capital structure going forward, the Board has decided to submit a special resolution to its shareholders for their approval of the reduction of the stated capital account maintained in respect of the Common Shares to \$500,000, being the amount equal to that existing immediately following the completion of the Arrangement.

### Certain Canadian Federal Income Tax Considerations

This summary is of a general nature only. It is based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and its Regulations, all amendments thereto proposed by the Minister of Finance (Canada) prior to the date hereof, and the Corporation’s counsel’s understanding of the current published administrative and assessing practices of the Canada Revenue Agency (“**CRA**”). This summary assumes that any proposed amendments will be enacted as intended, and that legislative, judicial or administrative actions will not modify or change the statements expressed herein. It does not otherwise take into account or anticipate any changes in laws whether by judicial, governmental or legislative decision or action or any changes in administrative practices of the CRA nor does it take into account provincial or foreign income tax legislation or considerations. All references to the Tax Act in this summary are restricted to the scope defined in this paragraph.

The reduction of stated capital account maintained in respect of the Common Shares will not result in a deemed dividend or in a reduction of the adjusted cost base of the Common Shares for shareholders of the Corporation. Furthermore, the reduction in the stated capital account of the Common Shares will not give rise to immediate tax consequences under the Tax Act for shareholders of the Corporation. Shareholders of the Corporation may wish to consult their own tax advisors with respect to the proposed stated capital account reduction. This summary is not intended to be, nor should it be construed as, legal or tax advice to shareholders of the Corporation.

### Vote Required and Recommendation of the Board

The text of the special resolution, which will be submitted to shareholders at the Meeting, is set forth in Schedule “C”, attached hereto. For the reasons indicated above, the Board believes that the proposed reduction of stated capital account maintained in respect of the Common Shares is in the best interests of the Corporation and, accordingly, recommends that shareholders vote FOR the special resolution. The special resolution must be approved by not less than two-thirds of the votes cast by shareholders present in person or represented by proxy at the Meeting to be effective. Shareholders are specifically advised that the proposed special resolution grants the Board the discretion, without further shareholder approval, to revoke the special resolution and to not effect the reduction of the stated capital account maintained in respect of the Common Shares. **The persons whose names are printed in the form of proxy intend to vote FOR the adoption of the special resolution to reduce the stated capital account unless specifically instructed on the form of proxy to vote against such special resolution.**

### **AMENDMENTS TO THE STOCK OPTION PLAN**

The Board approved, subject to the Toronto Stock Exchange (“TSX”) and shareholder approval, an amendment to the Corporation Stock Option Plan of the Corporation (the “**Stock Option Plan**” or the “**Plan**”) to increase the maximum number of Common Shares that may be issued upon the exercise of options granted under the Plan from 2,350,000 to 4,064,123 (representing approximately 5% of the issued and outstanding Common Shares as at April 4, 2011). The form of the proposed amendment has been conditionally approved by the TSX. For a description of the Plan, please see “Incentive Plan Awards – Stock Option Plan” below.

#### **Reasons for the Amendment to the Stock Option Plan**

The Stock Option Plan is intended to attract and retain personnel and to provide an incentive to participate in the long-term development of the Corporation and to increase shareholder value. Given that only 507,976 Common Shares remain available for issuance under the Stock Option Plan as of April 4, 2011, the Board considers the proposed amendment as a way of ensuring that the Board continues to have the flexibility to grant options pursuant to the Plan as required in order to serve the purposes listed above while limiting to a reasonable level the potential dilution for current shareholders. Initially, the maximum number of 2,350,000 shares that was authorized to be issued under the Plan was equal to 10% of the issued and outstanding shares when the Plan was implemented. Since then, Stock Option Plan was not increased while the number of Common Shares increased from 23,500,000 to 81,282,460, thereby reducing the maximum number of Common Shares authorized to be issued under the Plan from 10% to less than 3%. The growth of the Corporation, the increasing number of executive officers and directors, further to the Arrangement and recent acquisitions, and the need for the Corporation to continue to attract and retain personnel and provide incentive to create shareholder value are the main reasons for the Amendment of the Stock Option Plan.

### **Vote Required and Recommendation of the Board**

The text of the resolution, which will be submitted to shareholders at the Meeting, is set forth in Schedule “D”, attached hereto. For the reasons stated above, the Board believes that the proposed amendment to the Stock Option Plan is in the best interests of the Corporation and, accordingly, recommends that shareholders vote **FOR** the resolution. The resolution must be approved by a majority of the votes cast by shareholders present in person or represented by proxy at the Meeting to be effective. **The persons whose names are printed in the form of proxy intend to vote FOR the adoption of the resolution to amend the Stock Option Plan unless specifically instructed on the form of proxy to vote against such resolution.**

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

### SUMMARY.

The following table presents information regarding the compensation earned in Fiscal 2008, 2009 and 2010 by the President and Chief Executive Officer of the Corporation, the Vice President and Chief Financial Officer of the Corporation and the other three most highly compensated executive officers of the Corporation as of December 31, 2010 (the “**Named Executive Officers**”).

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other <sup>(3)</sup> compensation (\$)	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup>	Long-term incentive plans			
MICHEL LETELLIER President and Chief Executive Officer	2010	290,229	–	237,472	288,488	–	–	–	816,189
	2009	266,700	–	–	117,348	–	–	–	385,048
	2008	276,329	–	–	44,005	–	–	20,200	340,534
JEAN PERRON Vice-President and Chief Financial Officer	2010	191,703	–	142,483	119,455	–	–	–	453,641
	2009	185,220	–	–	59,270	–	–	–	244,490
	2008	191,982	–	–	24,449	–	–	19,461	235,892
JEAN TRUDEL Vice President – Finance and Investor Relations	2010	176,174	–	142,483	112,861	–	–	–	431,518
	2009	170,216	–	–	61,278	–	–	–	231,494
	2008	164,285	–	–	20,901	–	–	18,461	203,647
RICHARD BLANCHET Vice President Western Region – Hydroelectric Energy	2010	163,882	–	118,736	82,453	–	–	–	379,185
	2009	158,340	–	–	31,351	–	–	–	204,537
	2008	164,285	–	–	17,243	–	–	15,546	197,219
FRANÇOIS HÉBERT Vice President – Operation and Maintenance	2010	163,882	–	118,736	86,755	–	–	–	369,373
	2009	158,340	–	–	52,252	–	–	–	210,592
	2008	164,285	–	–	17,243	–	–	–	181,528

(1) All stock option values are based on the Black-Scholes model for valuation purposes, which establishes a value of \$1.5038 per option granted during Fiscal 2010. Stock options were granted on June 23, 2010 at an exercise price of \$8.75 per Common Share. The Black-Scholes valuation methodology is used to value stock options because it is the predominant methodology in the marketplace.

(2) Amounts are paid in cash in the fiscal year following the fiscal year in which they were earned. Annual Incentive Plan amounts disclosed herein relate to bonuses earned in Fiscal 2010 and paid in the 2011 fiscal year. See “Performance bonus” below.

(3) The value of perquisites awarded to each Named Executive Officer in Fiscal 2010 was less than \$50,000 and 10% of their respective salaries.

### General

The mission of the Human Resources Committee is to consult with and make recommendations to the Board on executive compensation and compensation plan matters. The members of the Human Resources Committee are Pierre Brodeur (Chair), Jean La Couture and Richard Laflamme, all of whom are independent directors within the meaning of Section 1.4 of *Regulation 52-110 Respecting Audit Committees* under the *Securities Act* (Québec).

The Human Resources Committee is currently finalizing the Corporation's approach to executive compensation, including remuneration methodology, the objectives to be tied to compensation and the subjective and objective criteria that will be applied to the evaluation of an executive officer's performance during a fiscal year.

The current compensation of the Corporation's executive officers has been established with a view to attracting and retaining executives critical to the Corporation's short and long-term success and to provide executives with compensation that is in accordance with existing market standards generally and competitive within the renewable power industry, in particular.

Compensation of the Corporation's executive officers is comprised of a base salary, contribution to registered retirement savings plan, annual performance bonuses, car allowance and the grant of options to purchase Common Shares under the Stock Option Plan.

Through its executive compensation practices, the Corporation seeks to provide value to its shareholders through a strong executive leadership. Specifically, the Corporation's executive compensation structure seeks to attract and retain talented and experienced executives necessary to achieve the Corporation's strategic objectives, motivate and reward executives whose knowledge, skills and performance are critical to the Corporation's success, align the interests of the Corporation's executives and shareholders by motivating executives to increase shareholder value.

Within the context of the overall objectives of the Corporation's compensation practices, the Corporation determined the specific amounts of compensation to be paid to each of its executives in Fiscal 2010 based on a number of factors, including: the Corporation's understanding of the amount of compensation generally paid by similarly situated companies to their executives with similar roles and responsibilities, such as Brookfield Renewable Power Inc., Plutonic Power Corporation, Boralex Inc., Atlantic Power Corporation and Capital Power Corporation; the Corporation's executives' performance during the fiscal year; the roles and responsibilities of the Corporation's executives; the individual experience and skills of, and expected contributions from, the Corporation's executives; the amounts of compensation being paid to the Corporation's other executives; the Corporation's executives' historical compensation and performance within the Corporation; and any contractual commitments the Corporation has made to its executives regarding compensation.

#### Base Salary

The Corporation's approach is to pay its executives a base salary that is competitive with those of other executive officers in comparable companies in the renewable energy industry, such as those listed above. The Corporation believes that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. The Corporation also believes that attractive base salaries can motivate and reward executives for their overall performance. The base salary of each executive is reviewed annually and may be adjusted in accordance with the terms of such executive officer's employment agreement, where applicable, and certain criteria including, without limitation, (i) past salary, (ii) changes in the compensation for similar companies in the renewable energy industry with which the Corporation competes for executive talent and (iii) changes in the duties and responsibilities.

To the extent that the Corporation has entered into employment agreements with its executives, the base salaries of such individuals reflect the initial base salaries that the Corporation negotiated with them. The Named Executive Officers (as defined above) entered into employment agreements with the Corporation which were negotiated and executed at the time of the Corporation's initial public offering completed on December 6, 2007. The base salaries that the Corporation negotiated with its executives were based on its understanding of base salaries for comparable positions at similarly situated companies at the time, the individual experience and skills of, and expected contribution from, each executive, the roles and responsibilities of the executive, the base salaries of the Corporation's existing executives and other factors. These employment agreements and their terms and conditions were recommended by the Executive Chairman of the Board and approved by the Human Resources Committee. The termination and change of control benefits provided under the employment agreements of the Named Executive Officers are summarized under "Employment Agreements" below.

Evaluations of base salary are made regardless of whether a Named Executive Officer has entered into an employment agreement with the Corporation, and annual adjustments, if any, to the base salary of the Named Executive Officers are analyzed within the context of the terms and conditions of their employment agreements.

In Fiscal 2010, the Human Resources Committee recommended and the Board authorized an increase to the base salary of the President and Chief Executive Officer of the Corporation from \$260,000 to \$300,000 effective as of June 1, 2010, while the base salary of each of the other executive officers of the Corporation was increased by 3.5% over the previous financial year as of January 1, 2010. These increases are reflected in the summary compensation table above.

### Performance Bonus

The executive officers of the Corporation have an opportunity to earn an annual bonus based on individual performance in the context of the overall performance of the Corporation. Individual target bonuses, which were established by the Human Resources Committee, will typically vary between 14% and 120% of the base salary of executive officers. For Fiscal 2010, the Human Resources Committee recommended, and the Board authorized, a short-term bonus to executive officers based on 50% EBITDA, 20% growth, 10% for monitoring capital expenditures and administrative expenses and 20% on personal objectives.

As reflected in the break-down provided above, bonuses are primarily based upon performance of the executive for his/her involvement in the successful achievement by the Corporation of its goals for the year. The primary objective of the Corporation's bonus payments is to motivate and reward its Named Executive Officers for meeting the Corporation's short-term objectives using a performance-based compensation program. The Corporation believes that not every important aspect of executive performance is capable of being specifically quantified in a predetermined objective goal. For example, events outside of the Corporation's control may occur after the Corporation has established the executives' performance goals for the year that require its executives to focus their attention on different or other strategic objectives.

In Fiscal 2010, the Corporation achieved its short-term objectives, namely:

- To complete the Arrangement;
- To achieve commercial operation date of Fitzsimmons Creek;
- To raise \$85M through the offering of the Convertible Debentures;
- To refinance and increase certain credit facilities of the Corporation to \$170 million;
- To start the permitting process on the Upper Lilloet cluster of projects;
- To obtain Investment Grade credit ratings from S&P and DBRS;
- To raise \$80.5M through the offering of 3,400,000 Series A Shares;
- To submit 8 wind projects to the HQD Community RFP (1 PPA award for net 12.3 MW);
- To study several potential acquisitions in hydro, wind and solar energy and to initiate work with respect to one potential acquisition;
- To complete the non-recourse project financing of the Montagne-Sèche wind farm;
- To complete the migration of accounting standards from GAAP to IFRS;
- To complete the migration of the accounting system;
- To start the construction of the Gros-Morne and Montagne-Sèche projects;
- To continue to achieve a high operational availability rate for wind and hydro assets;
- To proceed with a corporate reorganization pursuant to which the corporate structure will be simplified.

### Stock Option Plan

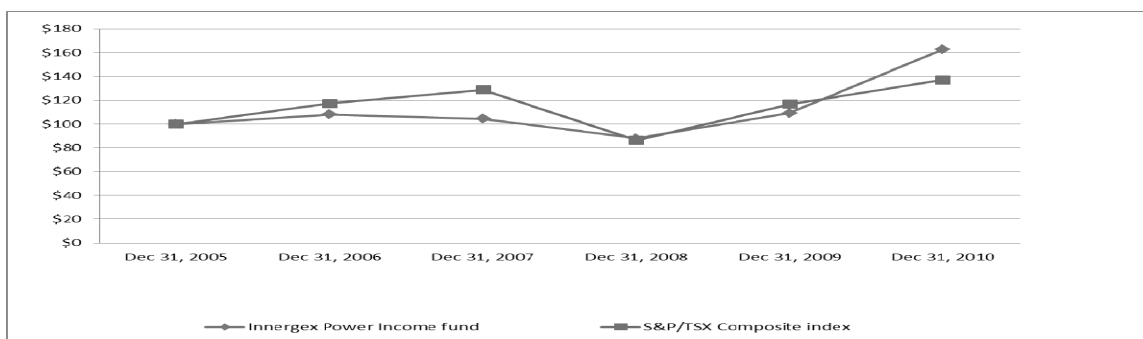
The Corporation's granting of options to purchase Common Shares to its executive officers is a method of compensation which is used to attract and retain personnel and to provide an incentive to participate in the long-term development of the Corporation and to increase shareholder value. The relative emphasis of options for remunerating executive officers and employees will generally vary depending on the prevailing practices in competing companies and on the number of options to purchase Common Shares that are outstanding at the time. In 2007, the Corporation's executives were granted a total of 1,410,000 stock options in connection with its initial public offering. These options have an exercise price of \$11.00 which corresponds to the offering price of the Common Shares during the Corporation's initial public offering. On June 23, 2010, the Board awarded 808,024 options to executive officers. These options have an exercise price of \$8.75 which corresponds to the market price of the Common Shares calculated as the volume weighted average trading price of the shares on the TSX for the five trading days immediately preceding June 23, 2010. These options were granted based on the following factors: the executive's past performance, anticipated future contribution, prior option grants to such executive, the percentage of outstanding equity owned by the executive, the level of vested and unvested options, competitive market practices and the executive's responsibilities and performance. The Corporation has not set specific target levels for options to Named Executive Officers but seeks to be competitive with similar companies. Additional option grants will be recommended by the Human Resources Committee to the Board, which ultimately has the responsibility to award options. For further details as to the specific terms of the Stock Option Plan, see "Incentive Plan Awards - Stock Option Plan", below.

### Chief Executive Officer

The compensation of the President and Chief Executive Officer includes the same elements described above as are included in the compensation of other executive officers.

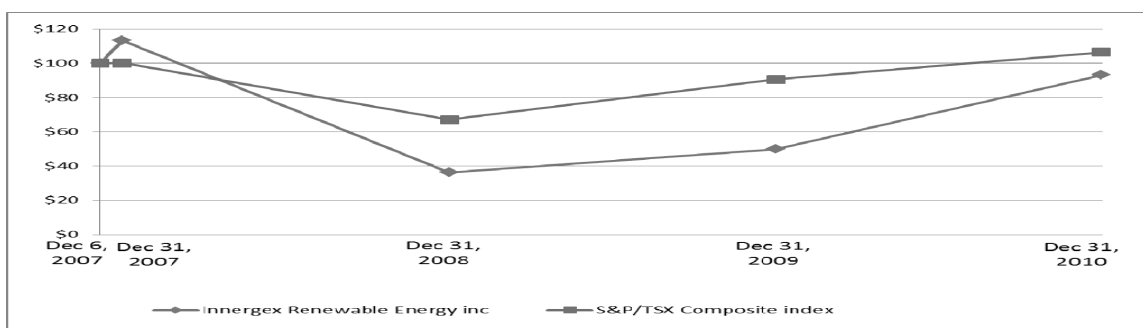
### **Performance Graph**

The following graph (the "**Performance Graph of the Fund**") shows, as at December 31, 2010, the cumulative total unitholder return for the Fund (based on a \$100 investment as at December 31, 2005 taking into account retroactively the conversion rate of 1.46 applied upon the Arrangement), compared with the cumulative total return of the S&P/TSX Composite Index for such period. The Arrangement constituted a "reverse takeover" pursuant to which the Corporation acquired all of the issued and outstanding units of the Fund. Consequently, under Canadian generally accepted accounting principles, the Corporation was deemed to be the continuation of the Fund. Accordingly, it is appropriate from a financial standpoint that the Performance Graph of the Fund be included in this Circular.



Cumulative Total Return / Financial Year ended						
	Dec 31, 2005	Dec 31, 2006	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010
Innergex Power Income fund	\$ 100.00	\$ 107.91	\$ 104.31	\$ 87.92	\$ 109.22	\$ 162.93
Yearly variation		7.3%	-13.4%	-15.7%	24.2%	49.2%
S&P/TSX Composite index	\$ 100.00	\$ 117.26	\$ 128.79	\$ 86.28	\$ 116.53	\$ 137.05
Yearly variation		17.3%	9.8%	-33.0%	35.1%	17.6%

The following graph (the “Performance Graph of the Corporation”) shows, as at December 31, 2010, the cumulative total shareholder return for the Corporation (based on a \$100 investment as at December 6, 2007), compared with the cumulative total return of the S&P/TSX Composite Index for such period. The Performance Graph of the Corporation has been included in addition to the Performance Graph of the Fund as it is the historical performance of the Corporation and not that of the Fund which is relevant for the discussion concerning the historical compensation of the Named Executive Officers of the Corporation.



Cumulative Total Return / Financial Year ended					
	Dec 06, 2007	Dec 31, 2007	Dec 31, 2008	Dec 31, 2009	Dec 31, 2010
Innergex Renewable Energy Inc.	\$ 100.00	\$ 113.36	\$ 36.36	\$ 50.00	\$ 93.19
Yearly variation		13.4%	-67.9%	37.5%	86.4%
S&P/TSX Composite index	\$ 100.00	\$ 100.13	\$ 67.09	\$ 90.60	\$ 106.55
Yearly variation		0.1%	-33.0%	35.1%	17.6%

The trend set forth in the Performance Graph of the Corporation for the shareholders' return represents a net progression for the first month following the Corporation's initial public offering, followed by a decline in 2008, when market conditions declined generally, followed by an increase in 2009, corresponding with an improvement in market conditions, which increase continued in 2010. During 2010, the aggregate compensation paid to the Named Executive Officers, excluding the option-based awards, increased by approximately 33% over the previous year compared to an increase of 86.4% in the shareholders' return between December 31, 2009 and December 31, 2010. The performance bonuses awarded to the Named Executive Officers in Fiscal 2010 represent on average 70% of their base salary compared to 39% in 2009. In 2009, the Board refrained from paying the full target bonus as it recognized that the Corporation was facing economic challenges. On June 23, 2010, the Board granted option-based awards to the Named Executive Officers for the first time since the IPO in December 2007. Including the option-based awards, the increase of the total compensation represents 93% over the previous year compared to an increase of 86.4% in the shareholders' return. Comparing years when option-based awards were granted, namely 2007 and 2010, the total compensation of the Named Executive Officers shows an aggregate increase of 5% over the four-year period while the TSX Cumulative Composite Index increased by 17.6% over the same period.

### **Employment Agreements**

Each of the Named Executive Officers entered into an employment agreement with the Corporation (the "**Employment Agreements**") at the time of the Corporation's initial public offering which was completed on December 6, 2007. Each Employment Agreement has an indeterminate term.

The Employment Agreements contain change of control arrangements. The overall purpose of these change of control arrangements is to (i) ensure the continued dedication of the executive, notwithstanding the possibility, threat or occurrence of a change of control of the Corporation; (ii) diminish any distraction of the executive resulting from the uncertainties and risks created by a pending or threatened change of control of the Corporation; and (iii) provide the executive with compensation and benefit arrangements upon a change of control of the Corporation that are competitive with those of comparable companies.

### **Termination and change of control benefits**

If the Corporation terminates the employment of a Named Executive Officer without cause or one of them terminates his or her employment for good and sufficient reason, the Employment Agreements provide that the Corporation must continue to pay the individual his or her base salary for a period of 12 to 36 months following termination and any vested and unvested options held by the officer must be exercised within 90 days of the termination of employment. Good and sufficient reason for a Named Executive Officer to terminate his or her employment with the Corporation includes (a) if he is not appointed or reappointed as an officer of the Corporation, (b) if the Corporation ceases its activities in the normal course of business, (c) if the Corporation modifies significantly the functions and responsibilities of the executive, (d) if the Corporation reduces or fails to pay base salary or other benefits of the executive or (e) the employment conditions are modified in a bankruptcy or insolvency context. From the date of such termination, the Corporation is discharged from paying any group insurance premiums, contributions to RRSPs and car allowances for the Named Executive Officer. In addition, if the Corporation terminates the employment of a Named Executive Officer for any reason, other than for cause, within one year following a change of control of the Corporation or if a Named Executive Officer terminates his or her employment for any reason within one year following a change of control of the Corporation, the Employment Agreements also provide that they will be entitled to the severance payments and the vesting of all outstanding options as described above. The Arrangement did not trigger any change of control benefits for the Named Executive Officers under the Employment Agreements.



The following table shows estimated incremental payments triggered pursuant to a termination of employment of a Named Executive Officer in the circumstances described above, with and without a change of control.

<b>Name</b>	<b>Position</b>	<b>Termination Provisions Value<sup>(1)(2)</sup></b>	<b>Change of Control Provisions Value<sup>(2)(3)</sup></b>
MICHEL LETELLIER	President and Chief Executive Officer	\$1,086,346	\$1,086,346
JEAN PERRON	Vice President and Chief Financial Officer	\$686,916	\$686,916
JEAN TRUDEL	Vice President – Finance and Investor Relations	\$640,329	\$640,329
RICHARD BLANCHET	Vice President Western Region – Hydroelectric Energy	\$257,055	\$257,055
FRANÇOIS HÉBERT	Vice President – Operation and Maintenance	\$257,055	\$257,055

<sup>(1)</sup> The termination values assume that the triggering event (termination without cause by the Corporation or termination by the Named Executive Officer for good and sufficient reason) occurred on December 31, 2010.

<sup>(2)</sup> The Options granted in December 2007 were not attributed any value as of December 31, 2010 as they were not in the money. The Options granted in June 2010 were attributed value as they were granted at a price of \$8.75 and the share price was at \$9.93 at close of market on December 31, 2010.

<sup>(3)</sup> The change of control values assume that the triggering event (termination by the Corporation for any reason, other than for cause or termination by the Named Executive Officer for any reason) occurred on December 31, 2010, being within one year of the change of control.

Pursuant to the Employment Agreements, the Named Executive Officers are also subject to non-competition covenants for a period of two years following the termination, for any reason, of the Named Executive Officer's employment with the Corporation. The Employment Agreements also include non-solicitation covenants of the Named Executive Officers which apply throughout the Named Executive Officer's employment with the Corporation and for a period of two years following the termination, for any reason, of such employment.

## Incentive Plan Awards –Stock Option Plan

The following table sets forth details of options to purchase Common Shares granted to Named Executive Officers and which are outstanding.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
MICHEL LETELLIER	282,000	11	December 6, 2017	–
	157,920	8.75	June 22, 2020	186,346
JEAN PERRON	94,000	11	December 6, 2017	–
	94,752	8.75	June 22, 2020	111,807
JEAN TRUDEL	94,000	11	December 6, 2017	–
	94,752	8.75	June 22, 2020	111,807
RICHARD BLANCHET	94,000	11	December 6, 2017	–
	78,960	8.75	June 22, 2020	93,173
FRANÇOIS HÉBERT	94,000	11	December 6, 2017	–
	78,960	8.75	June 22, 2020	93,173

The following table summarizes, for each of the Named Executive Officers, the value of options vested during Fiscal 2010 and the value of executive performance bonus earned during Fiscal 2010.

Name	Option-based Awards – Value vested during the year (\$)	Non-equity incentive plan – Value earned during the year <sup>(1)</sup> (\$)
MICHEL LETELLIER	–	288,488
JEAN PERRON	–	119,455
JEAN TRUDEL	–	112,861
RICHARD BLANCHET	–	82,453
FRANÇOIS HÉBERT	–	86,755

<sup>(1)</sup> For more details, see “Performance Bonus” above.

The Stock Option Plan was adopted by resolution of the Board on December 3, 2007 in connection with its initial public offering, which provides for the granting of options to purchase Common Shares by the Board to employees, officers, directors and certain consultants of the Corporation and its subsidiaries to purchase Common Shares. Options granted under the Stock Option Plan have an exercise price of not less than the market price (the “**Market Price**”) of the Common Shares at the date of grant of the option, calculated as the volume weighted average trading price of the Common Shares on the TSX for the five trading days immediately preceding the date of grant.

The maximum aggregate number of Common Shares which may be subject to options under the Stock Option Plan is 2,350,000, representing approximately 3% of the issued and outstanding Common Shares as at April 4, 2011. Since the Stock Option Plan’s inception, 2,218,024 options have been granted, of which none have been exercised, and 376,000 have been cancelled. The first 1,410,000 options were granted to the executive officers in connection with its initial public offering on December 6, 2007 and expire on December 6, 2017. Their strike price is \$11, which is equal to the offering price of \$11. The second set of 808,024 options were granted on June 23, 2010 and expire on June 22, 2020. Their strike price is \$8.75 which is equal to the market price of the Common Shares calculated as the volume weighted average trading price of the shares on the TSX for the five trading days immediately preceding June 23, 2010. On the retirement of Gilles Lefrançois on January 30, 2010, his 141,000 unvested options were cancelled and his 141,000 vested options were cancelled 30 days after. Upon the resignation of Michèle Beauchamp on June 4, 2010 as Vice President – Legal Affairs and Corporate Secretary of the Corporation, her 94,000 unvested options were cancelled. Accordingly, as of the date hereof, 1,842,024 options are currently under grant, representing 2% of the issued and outstanding Common Shares and 507,976 options are available for future grants. Any Common Shares subject to an option that expires or terminates without having been fully exercised may be made the subject of a further option. The number of Common Shares issuable to non-executive directors of the Corporation under the Stock Option Plan or any other securities based compensation arrangement of the Corporation cannot at any time exceed 1% of the issued and outstanding Common Shares. The number of Common Shares issuable to insiders of the Corporation, at any time, under the Stock Option Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Common Shares. The number of Common Shares issued to insiders, within any one year period, under the Plan and any other securities based compensation arrangement cannot exceed 10% of the issued and outstanding Common Shares.

At the Meeting, shareholders will be asked to consider an amendment to the Stock Option Plan to increase the maximum number of Common Shares available for issuance pursuant to options granted under the Plan to 4,064,123. For a more

complete description of this proposed amendment and the reasons for such amendment, please see "Amendments to the Stock Option Plan" above.

Options must be exercised during a period established by the Board, which may not be greater than ten years after the date of grant. Subject to the discretion of the Board, options granted under the Stock Option Plan will vest in four equal amounts on a yearly basis over the four years following the grant date. The Options granted on June 23, 2010 will vest in five equal amounts on a yearly basis over the five years following the grant date.

If the date on which an option expires occurs during or within 10 days after the last day of a black out period under a black out policy of the Corporation, the expiry date of the option will be the last day of such 10-day period.

If approved by the Board, in lieu of paying the exercise price for the Common Shares to be issued pursuant to an exercise, the optionholder may elect to acquire the number of Common Shares determined by subtracting the exercise price from the Market Price of the Common Shares on the date of exercise, multiplying the difference by the number of Common Shares in respect of which the option was otherwise being exercised and then dividing that product by such Market Price of the Common Shares.

If an optionee's employment, office or directorship with the Corporation is terminated for cause, options not then exercised terminate immediately. If an optionee dies or becomes, in the determination of the Board, permanently disabled, vested options may be exercised for that number of Common Shares which the optionee was entitled to acquire at the time of death or permanent disability, as the case may be, for a period of six months or one year after the date of death or permanent disability. Pursuant to the Stock Option Plan, upon an optionee's employment, office or directorship with the Corporation terminating or ending other than by reason of death, permanent disability or termination for cause, vested options may be exercised for that number of Common Shares which the optionee was entitled to acquire at the time of such termination. Such options may be exercised for a period of 90 days after such date. The limitations set forth above are subject to waiver by the Board at its discretion, provided that the Board will not, in any case, authorize the exercise of an option after its applicable expiry date.

The Stock Option Plan is administered by the Board. The Board may amend, suspend or terminate the Stock Option Plan or the term of any outstanding option at any time, provided that no such amendment, suspension or termination may be made without obtaining any required approval of any regulatory authority or stock exchange or, if the amendment, suspension or termination materially prejudices the rights of any optionholder, the consent of that optionholder. Furthermore, the Board may not, without the consent of the shareholders, make amendments to the Stock Option Plan for any of the following purposes: (i) to increase the maximum number of Common Shares that may be issued pursuant to options granted under the Stock Option Plan; (ii) to reduce the exercise price of the options to less than the market price; (iii) to reduce the exercise price for options for the benefit of an insider, as that term is defined under the Stock Option Plan; (iv) to extend the expiry date of options for the benefit of an insider (as that term is defined under the Stock Option Plan); (v) to increase the maximum number of Common Shares issuable to non-executive directors or insiders; and (vi) to amend the provisions of the Plan relating to what the Board cannot amend without shareholder approval. The Board may, without the approval of shareholders of the Corporation, amend any term of any outstanding option (including, without limitation, the exercise price, vesting and expiry), provided that: i) the required regulatory or stock exchange approval is obtained; (ii) if the amendments would reduce the exercise price or extend the expiry date of options granted to insiders, approval of shareholders must be obtained; (iii) the Board would have the authority to initially grant the option under the terms as so amended; and (iv) the consent or deemed consent of the optionholder is obtained if the amendment would materially prejudice the rights of the optionholder under the option.

The Stock Option Plan and individual option terms and conditions are subject to adjustment in the event of a subdivision, consolidation or certain distributions of Common Shares and upon a capital reorganization, reclassification or change of the Common Shares, a corporate reorganization or combination of the Corporation with another corporation or a sale, lease or exchange of all or substantially all of the assets of the Corporation. In the event of a proposed change of control (as that term is defined under the Stock Option Plan) the Board may accelerate the vesting period of outstanding options. Options granted pursuant to the Stock Option Plan may not be assigned or transferred with the exception of an assignment made to certain permitted assigns, including a trustee, custodian or administrator acting on behalf of the participant, a holding entity of the participant and the spouse of the participant.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as at December 31, 2010, certain information with respect to the Stock Option Plan, being the only compensation plan of the Corporation pursuant to which equity securities of the Corporation are authorized for issuance from the treasury.

<b>Plan</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for further issuance under equity compensation plans</b>
<i>Equity compensation plan approved by securityholders<sup>(1)</sup></i>	1,842,024	\$10.01	507,976
<i>Equity compensation plan not approved by securityholders</i>	–	–	–
<b>Total</b>	1,842,024	\$10.01	507,976

<sup>(1)</sup> For more information regarding the Stock Option Plan, please refer to the section “Incentive Plan Awards - Stock Option Plan” above.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the Corporation’s directors or officers is indebted to the Corporation (other than “routine indebtedness” under Canadian securities laws).

## STATEMENT OF CORPORATE GOVERNANCE

Under the rules of the Canadian Securities Administrators, the Corporation is required to disclose information relating to its system of corporate governance with reference to certain standards adopted by the Canadian Securities Administrators. The Corporation’s disclosure addressing each of these standards is set out in Schedule “E” of this Circular.

## AUDIT COMMITTEE INFORMATION

Reference is made to the Annual Information Form of the Corporation for the financial year ended December 31, 2010 for disclosure of information relating to the Audit Committee required under *Regulation 52-110 Respecting Audit Committees* under the *Securities Act* (Québec) as well as to Schedule “E” of this Circular describing the Corporation’s corporate governance practices. A copy of the Annual Information Form of the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or by contacting the Corporate Secretary of the Corporation, at 1111 St-Charles Street West, East Tower, Suite 1255, Longueuil, Province of Québec, J4K 5G4.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation provides insurance for the benefit of its directors and officers against liability that may be incurred by them in these capacities. For Fiscal 2010, the Corporation paid a total annual premium of \$127,394, which premium was not specifically allocated among the directors as a group and officers as a group. Such insurance was limited to an amount of \$30 million and was subject to a general deductible of \$100,000 per loss, as well as specific exclusions, which are usually contained in policies of this nature.

Six-year run-off insurance policies were obtained, as of March 29, 2010 and ending March 28, 2016, for all former trustees of the Trust and directors of the Corporation for potential liability incurred prior to the Arrangement.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, executive officer or shareholder who beneficially owns or exercises control or direction over, directly or indirectly, more than 10% of the outstanding Common Shares or any director or officer of any such person, has or had, since January 1, 2010, any material interest, direct or indirect, in any transaction or in any proposed transaction, that has materially affected or will materially affect the Corporation, except in connection with the Arrangement, as set out below.

The individuals listed in the table below, all of which are current or former insiders of the Corporation, held Fund units at the time of the Arrangement and received, pursuant to the Arrangement, 1.46 Common Shares in exchange for each Fund unit held. The table indicates the number and percentage of Common Shares beneficially owned by such individuals at the time of the Arrangement and the number and percentage of Common Shares beneficially owned by each individual immediately following the Arrangement:

<b>Insider</b>	<b>Relationship</b>	<b>Number and percentage Common Shares beneficially owned prior to the Arrangement</b>	<b>Number and percentage of Common Shares beneficially owned following the Arrangement</b>
Michel Letellier	Director, officer and Nominee	407,292 (1.73%)	603,808 (1.01%)
Pierre Brodeur	Director and Nominee	2,000 (0.01%)	2,000 (0.00%)
Susan M. Smith	Director and Nominee	1,000 (0.00%)	1,000 (0.00%)
William A. Lambert	Director and Nominee	–	153,300 (0.26%)
Richard Laflamme	Director and Nominee	1,100 (0.00%)	6,210 (0.01%)
John A. Hanna	Director and Nominee	10,000	53,800 (0.09%)
Jean La Couture	Director and Nominee	2,000 (0.01%)	15,140 (0.03%)
Lise Lachapelle	Director and Nominee	–	10,220 (0.02%)
Daniel L. Lafrance	Director and Nominee	–	14,600 (0.02%)
Michèle Beauchamp	Former Officer	99,288 (0.42%)	107,318 (0.18%)
Richard Blanchet	Officer	194,176 (0.83%)	197,680 (0.33%)
Normand Bouchard	Officer	77,622 (0.33%)	79,082 (0.13%)
Renaud De Batz	Officer	69,910 (0.30%)	70,202 (0.12%)
Guy Dufort	Officer	78,622 (0.33%)	85,192 (0.14%)
Peter Grover	Officer	70,960 (0.30%)	73,690 (0.12%)
François Hébert	Officer	194,176 (0.83%)	216,076 (0.36%)
Jean Perron	Officer	104,133 (0.44%)	111,798 (0.19%)
Jean Trudel	Officer	103,000 (0.44%)	123,586 (0.21%)

## SHAREHOLDER PROPOSALS FOR 2012 ANNUAL MEETING

The final date for submitting shareholder proposals for the 2012 Annual Meeting of the Corporation is January 5, 2012, being the date which is 90 days before the anniversary date of the Corporation's notice to shareholders in connection with the Meeting.

### ADDITIONAL INFORMATION

Financial information related to the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis thereon for Fiscal 2010. Copies of the Corporation's Annual Information Form for Fiscal 2010, the audited consolidated financial statements of the Corporation for Fiscal 2010, together with a report of the auditors thereon, the Management's Discussion and Analysis of the Corporation's financial condition and results of operations for Fiscal 2010 and this Circular will be available upon request to the Corporate Secretary of the Corporation. These documents are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### APPROVAL

The content of this Circular has been approved by the Board of the Corporation.

DATED as of the 4<sup>th</sup> day of April, 2011.

By order of the Board of INNERGEX RENEWABLE ENERGY INC.

(s) Nathalie Théberge

Nathalie Théberge  
Corporate Secretary



## SCHEDULE "A"

### SPECIAL RESOLUTION OF SHAREHOLDERS

#### INNERGEX RENEWABLE ENERGY INC. (the "Corporation")

##### Amendment to the Articles

RESOLVED, AS A SPECIAL RESOLUTION, as follows:

1. To amend the articles of incorporation of the Corporation dated October 25, 2002 (the "**Articles**") in order to grant voting rights to the holders of preferred shares of the Corporation, as have been provided for in the rights, privileges, restrictions and conditions attached to the Cumulative Rate Reset Preferred Shares, Series A and the Cumulative Rate Reset Preferred Shares, Series B, and described in the articles of amendment of the Corporation dated September 10, 2010, or as may be provided for in the rights, privileges, restrictions and conditions attached to any series of preferred shares created by the board of directors of the Corporation, but in such cases, voting rights shall be attached to the preferred shares of such series only if the Corporation fails to pay a certain number of dividends on the preferred shares of any such series as set out in the rights, privileges, restrictions and conditions of such series;
2. To approve the amendments to the Articles in the form and according to the terms submitted to the shareholders and joined to the present as Appendix A; and
3. Any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and do all other things as in the opinion of such director or officer may be necessary or desirable to implement this special resolution and matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and the taking of any such action.

## **Appendix A**

### **Appendix A to the Special Resolution of Shareholders of the Corporation**

Paragraph H of Section II of Schedule I attached to the Articles and relating to the voting rights of the holders of preferred shares is hereby replaced by the following paragraph:

H. Voting rights. The holders of a series of preferred shares shall not, as such, be entitled to receive notice of or attend any meetings of the shareholders of the Corporation and shall not be entitled to vote at any such meetings, except (i) where holders of a specified class or series of shares are entitled to vote separately as a class or series as provided in the *Canada Business Corporations Act* or (ii) as have been provided for in the rights, privileges, restrictions and conditions attached to the Cumulative Rate Reset Preferred Shares, Series A and the Cumulative Rate Reset Preferred Shares, Series B, or as may be provided for in the rights, privileges, restrictions and conditions attached to any series of preferred shares created by the board of directors of the Corporation, but in such cases, voting rights shall be attached to the preferred shares of such series if, and only if, the Corporation fails to pay a certain number of dividends, as set out in such rights, privileges, restrictions and conditions.

## SCHEDULE "B"

### SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

Right to dissent	<p>190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to</p> <ul style="list-style-type: none"><li>(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;</li><li>(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;</li><li>(c) amalgamate otherwise than under section 184;</li><li>(d) be continued under section 188;</li><li>(e) sell, lease or exchange all or substantially all its property under subsection 189(3); or</li><li>(f) carry out a going-private transaction or a squeeze-out transaction.</li></ul>
Further right	<p>(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.</p>
If one class of shares	<p>(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.</p>
Payment for shares	<p>(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.</p>
No partial dissent	<p>(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.</p>
Objection	<p>(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.</p>
Notice of resolution	<p>(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.</p>
Demand for payment	<p>(7) A dissenting shareholder shall, within twenty days after he receives a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing</p> <ul style="list-style-type: none"><li>(a) the shareholder's name and address;</li><li>(b) the number and class of shares in respect of which the shareholder dissents; and</li></ul>

	(c) a demand for payment of the fair value of such shares.
Share certificate	(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.
Forfeiture	(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.
Endorsing certificate	(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.
Suspension of rights	(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where <p>(a) the dissenting shareholder withdraws that notice before the corporation makes an offer under subsection (12),</p> <p>(b) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or</p> <p>(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),</p> <p>in which case the shareholder's rights are reinstated as of the date the notice was sent.</p>
Offer to pay	(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice <p>(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or</p> <p>(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.</p>
Same terms	(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.
Payment	(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.
Corporation may apply to court	(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.
Shareholder application to court	(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.
Venue	(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs	(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).
Parties	(19) On an application to a court under subsection (15) or (16),  (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and  (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.
Powers of court	(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.
Appraisers	(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.
Final order	(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.
Interest	(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.
Notice that subsection (26) applies	(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
Effect where subsection (26) applies	(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may  (a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or  (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.
Limitation	(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that  (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or  (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

## SCHEDULE "C"

### SPECIAL RESOLUTION OF SHAREHOLDERS

#### INNERGEX RENEWABLE ENERGY INC. (the "Corporation")

##### Reduction of Stated Capital Account

**RESOLVED, AS A SPECIAL RESOLUTION**, as follows:

1. The stated capital account maintained in respect of the common shares of the Corporation is reduced to \$500,000, without any payment or distribution to the shareholders of the Corporation.
2. An amount equal to the difference between the current stated capital account maintained in respect of the common shares of the Corporation and \$500,000 is credited to the contributed surplus account of the Corporation.
3. Notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the Board of Directors of the Corporation may, in its sole discretion and without further approval of the shareholders of the Corporation, revoke this special resolution at any time until the next annual meeting of shareholders prior to effecting such reduction in stated capital and elect not to act on or carry out this special resolution.
4. Any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and do all other things as in the opinion of such director or officer may be necessary or desirable to implement this special resolution and matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and the taking of any such action.

**SCHEDULE "D"**

**PROPOSED RESOLUTION TO AMEND THE STOCK OPTION PLAN OF THE CORPORATION**

**Innergex Renewable Energy Inc.  
(the "Corporation")**

**RESOLVED** as follows:

1. That the amendment to the Stock Option Plan of the Corporation to increase the maximum number of Common Shares that may be issued upon the exercise of options granted under the Stock Option Plan from 2,350,000 to 4,064,123, be and is hereby approved.
2. Any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents and the taking of any such action.

## SCHEDULE “E”

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

*Regulation 52-110 Respecting Audit Committees* includes requirements regarding audit committee composition and responsibilities, as well as reporting obligations with respect to audit related matters (such regulation, as amended, the “**CSA Audit Committee Rules**”). The Corporation complies with these rules and appropriate disclosure is made, where applicable, in connection therewith in the following table.

*Regulation 58-101 Respecting Disclosure of Corporate Governance Practices* (the “**CSA Disclosure Instrument**”) requires issuers to make prescribed disclosure regarding their governance practices and National Policy 58-201 – *Effective Corporate Governance* (the “**CSA Governance Policy**”) provides guidance on governance practices to Canadian issuers. The disclosure made hereunder refers to the items of the CSA Disclosure Instrument.

The Corporation’s 2011 Annual Information Form, which may be obtained on request from the Corporate Secretary of the Corporation or on SEDAR at [www.sedar.com](http://www.sedar.com), also contains information pertaining to corporate governance.

The Corporation is dedicated to enhancing its corporate governance practices on an ongoing basis in order to respond to the evolution of best practices.

GUIDELINES	PRACTICES WITHIN THE CORPORATION
<p><b>1. Board of Directors</b></p> <p>(a) Disclose the identity of directors who are independent.</p>	<p>The Board of Directors of the Corporation (the “<b>Board</b>”) has reviewed the independence of each director within the meaning of the CSA Disclosure Instrument in light of the information provided by each of them and has determined, after reviewing the role and relationships of each of the directors, that seven of the eight nominees proposed by the management of the Corporation (“<b>Management</b>”) for election to the Board are independent. The following nominees have been affirmatively determined to be independent by the Board:</p> <ul style="list-style-type: none"> <li>• John A. Hanna;</li> <li>• Lise Lachapelle;</li> <li>• Jean La Couture;</li> <li>• Richard Laflamme;</li> <li>• Daniel L. Lafrance</li> <li>• William A. Lambert; and</li> <li>• Susan M. Smith.</li> </ul>
<p>(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>The Board has determined, after reviewing the role and relationships of each of the directors, that Michel Letellier, as President and Chief Executive Officer of the Corporation, is the sole nominee proposed by Management for election to the Board who is not independent</p>
<p>(c) Disclose whether or not a majority of directors are independent.</p>	<p>Eight of the nine current directors and seven of the eight nominees proposed by Management for election to the Board are independent.</p>



GUIDELINES	PRACTICES WITHIN THE CORPORATION
(d) If a director is currently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Current directorships of all director nominees with other reporting issuers are described in the table set forth under the heading "Election of Directors" of this Circular.
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.	<p><u>In camera sessions (Board meetings):</u> Independent directors have the opportunity to meet regularly to discuss matters of interest without the presence of non-independent directors and members of Management and they hold such meetings after each meeting of the Board. Such meetings are chaired by the Chairman of the Board, Jean La Couture, who is independent within the meaning of the CSA Disclosure Instrument. Seven meetings of independent directors at which non-independent directors and members of Management were not in attendance were held in Fiscal 2010.</p> <p><u>In camera sessions (committee meetings):</u></p> <p>All Board committees, namely the Audit Committee, the Human Resources Committee, the Corporate Governance Committee and the Nominating Committee, are composed exclusively of independent directors. The Audit Committee meets after each meeting, without members of Management being present. The other committees meet from time to time, without members of Management being present.</p>
(f) Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.	<p>Jean La Couture, as Chairman of the Board, is independent within the meaning of the CSA Disclosure Instrument.</p> <p>The Chairman of the Board is responsible for (i) the management and operation of the Board and (ii) relations between the Board, the shareholders and other interested parties. He must ensure that the Board performs the tasks related to its mandate, in an efficient manner and that directors clearly understand and respect the limits between the Board's responsibilities and that of the management of the Corporation.</p> <p>Prior to the Arrangement, Gilles Lefrançois, who was not independent, was executive Chairman of the Board and Pierre Brodeur, who was independent, was Lead Director. With the appointment of Jean La Couture, an independent director, as Chairman of the Board following the Arrangement, it is no longer necessary to have an independent lead director, and the Corporation has removed this position.</p>
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.	Overall, the combined attendance by the directors at Board meetings in Fiscal 2010 was 93%. A record of attendance by directors at Board meetings during Fiscal 2010 is set out under the heading "Election of Directors – Record of Attendance" of this Circular.
<b>2. Board Mandate</b> – Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.	The Board has adopted a formal mandate for itself which is reproduced under Schedule "F" to this Circular.

GUIDELINES	PRACTICES WITHIN THE CORPORATION
<p><b>3. Position Descriptions</b></p> <p>(a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.</p>	<p>The Board has developed written charters for all the committees and has developed a written position description for the Chairman of the Board and for each committee's chairperson.</p> <p>The mandate of the Chairman of the Board states that he is responsible for the management and operation of the Board and relations between the Board and shareholders and other interested parties. He must ensure that the Board performs the tasks related to its mandate in an efficient manner, and that directors clearly understand and respect the limits between the Board and Management's responsibilities. The mandate of the Chairman of the Board also states that he shall provide leadership to enhance Board effectiveness.</p> <p>The mandate of each committee's chairperson provides that each committee chairperson's key role is to manage his respective committee and ensure that the committee carries out its mandate effectively. Like the Chairman of the Board, each committee chairperson is expected to provide leadership to enhance committee effectiveness and must oversee the committee's discharge of its responsibilities. Committee chairpersons must report regularly to the Board on the businesses of their respective committees.</p>
<p>(b) Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.</p>	<p>The Board has developed a written position description for the President and Chief Executive Officer.</p> <p>The Board has delegated to the President and Chief Executive Officer and his management team the responsibility for the day-to-day management while respecting the Corporation's strategic plans, operational agenda, corporate policies and financial limits approved from time to time by the Board.</p> <p>The Board expects to be advised on a regular basis as to the results being achieved, and to be presented for approval alternative plans and strategies proposed to be implemented, in keeping with evolving conditions. Furthermore, the Board expects the President and Chief Executive Officer and his management team to review the Corporation's strategies, carry out a comprehensive budgeting process, monitor the Corporation's performance against the budget and identify opportunities and risks affecting the Corporation and find ways to deal with them. Performance of the President and Chief Executive Officer and his management team will be assessed against the achievement of strategic plans and budget. See "Executive Compensation".</p> <p>In addition to those matters which by law must be approved by the Board, or a committee of the Board to which approval authority has been delegated by the Board, Board approval is required for all matters of policy and all actions proposed to be taken by the Corporation which are not in the ordinary course of business. In particular, the Board approves major capital expenditures, all material transactions and the appointment of all officers.</p>

GUIDELINES	PRACTICES WITHIN THE CORPORATION
<p><b>4. Orientation and Continuing Education</b></p> <p>(a) Briefly describe what measures the Board takes to orient new directors regarding</p> <ul style="list-style-type: none"> <li>(i) the role of the Board, its committees and its directors; and</li> <li>(ii) the nature and operation of the issuer's business.</li> </ul>	<p>In addition to having extensive discussions with the Chairman of the Board and the President and Chief Executive Officer with respect to the business and operations of the Corporation, new directors, including each new director appointed in connection with the Arrangement, are provided with extensive information on the Corporation's business, its strategic and operational business plans, its corporate objectives, its operating performance, its corporate governance system and its financial position. Also, they meet individually with members of senior management. The Board further ensures that director nominees fully understand the role of the Board and its committees and the contribution that individual directors are expected to make.</p>
<p>(b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>Presentations are made from time to time by Management and outside consultants to the Board to educate and keep Board members informed of changes within the Corporation and of regulatory and industry requirements and standards. Commented visits to the facilities of the Corporation are also organized for the directors by the Corporation, upon request.</p>
<p><b>5. Ethical Business Conduct</b></p> <p>(a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</p> <ul style="list-style-type: none"> <li>(i) disclose how a person or Corporation may obtain a copy of the code;</li> <li>(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and</li> <li>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul>	<p>The Corporation has adopted a written Code of Conducts which applies to each employee, director and officer of the Corporation, the purpose of which is to provide guidelines to ensure that the Corporation's reputation for integrity and good corporate citizenship is maintained through the adherence to the highest ethical standards and complied with by all of those individuals.</p> <ul style="list-style-type: none"> <li>(i) The Corporation's Code of Conducts is available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a> and a copy is remitted to any new employee and is made available to all employees via the intranet and upon request to the Corporate Secretary.</li> <li>(ii) The Board does not monitor compliance with the Code of Conducts but it regularly assesses compliance by its queries to management at Board meetings.</li> <li>(iii) None.</li> </ul>

GUIDELINES	PRACTICES WITHIN THE CORPORATION
<p>(b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>The Board can and does exercise independent judgement. The Board monitors the disclosure of conflicts of interest by directors and ensures that no director will vote or participate in a discussion on a matter in respect of which such director has a material interest.</p>
<p>(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board promotes a business environment where employees are encouraged to report malfeasance, irregularities and other concerns. The Board has also adopted a whistle-blowing procedure with respect to the submission by employees of concerns regarding, <i>inter alia</i>, questionable accounting or auditing matters.</p>
<p><b>6. Nomination of Directors</b></p> <p>(a) Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>The Board retains the responsibility for the recruiting, orientation and training of the directors. Recruiting will be based on the capabilities and experience of the candidates in relation with the needs of the Corporation and the adequacy of the time commitment of individuals to the Corporation's matters. Each director will have the ability to interview new candidates and final decisions will be made at Board meetings. The Board also expects new candidates would be invited to participate as observers at one or two Board meetings, as appropriate, as part of the selection and diligence process.</p>
<p>(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.</p> <p>(c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Nominating Committee of the Corporation has the responsibility of reviewing the composition of the Board, establishing, where appropriate, qualifications for directors and procedures for identifying possible nominees, proposing new nominees for appointment to the Board where applicable and providing orientations to new Board members. All four members of the Nominating Committee, namely Jean La Couture (Chairman), Richard Laflamme, William A. Lambert and Susan M. Smith, are independent. The charter of the Nominating Committee is available on the Corporation's website at <a href="http://www.innergex.com">www.innergex.com</a>.</p>
<p><b>7. Compensation</b></p> <p>(a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.</p>	<p>The Human Resources Committee has the role of reviewing executive compensation and supervising succession planning while the Corporate Governance Committee has the role of reviewing the compensation of the directors. See section "Compensation of Directors" in this Circular for information on the compensation received by the directors of the Corporation and section "Executive Compensation" for information about the compensation received by the Named Executive Officers.</p>

GUIDELINES	PRACTICES WITHIN THE CORPORATION
<p>(b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.</p>	<p>All members of the Corporate Governance Committee and the Human Resources Committee are independent. In the opinion of the Board, this ensures an objective process for making recommendations to the Board with respect to compensation. Furthermore, the Board, of which seven of the eight current and proposed nominees are independent, retains the ultimate responsibility for making decisions relating to compensation, thus ensuring an objective process. The charter of the Human Resources Committee and the charter of the Corporate Governance Committee are available on the Corporation's website at <a href="http://www.innergex.com">www.innergex.com</a>.</p>
<p>(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>The Human Resources Committee has the responsibility of, <i>inter alia</i>, reviewing the senior management compensation policies and/or practices followed by the Corporation and seeking to ensure such policies are designed to recognize and reward performance and establish a compensation framework which is industry competitive and which results in the creation of shareholder value over the long-term, reviewing the succession planning process for the senior management team and assessing the overall human resources management such as turnover, training, satisfaction, etc.</p>
<p>(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>Not applicable.</p>
<p>8. <b>Other Board Committees</b> – If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board has four standing committees, being the Audit Committee, the Corporate Governance Committee, the Human Resources Committee and the Nominating Committee, and has no other permanent standing committee.</p>
<p>9. <b>Assessments</b> – Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>The Corporate Governance Committee has received the mandate to ensure that a process is in place for the annual review of the contribution and qualification of individual directors, the performance and effectiveness of the Board as a whole and the Board committees. The Corporate Governance Committee reviews and approves a performance evaluation questionnaire that is forwarded annually by such committee's chair to directors. This questionnaire covers a wide range of issues and allows for comments and suggestions and covers both Board and individual performance. The chair of the Corporate Governance Committee compiles responses and contacts each director, when deemed necessary, to discuss the Board and Board committee evaluations as well as individual directors' performance, including that of the Board and committee chairs. The chair of the Corporate</p>

GUIDELINES	PRACTICES WITHIN THE CORPORATION
	<p>Governance Committee then reports the results to the Board. This formal evaluation process takes place on an annual basis.</p> <p>The most recent annual evaluation which was conducted prior to the completion of the Arrangement showed that the Board, its committees, committee chairs and individual directors were effectively fulfilling their responsibilities.</p>

REQUIREMENT UNDER THE CSA AUDIT COMMITTEE RULES	PRACTICES WITHIN THE CORPORATION
<p>The CSA Audit Committee Rules state that the audit committee must be composed of a minimum of three members, who must be “independent” directors (as defined in those rules).</p>	<p>The Audit Committee is composed of three members, namely John A. Hanna (Chairman), Pierre Brodeur and Daniel L. Lafrance. The Board has determined that all members of the Audit Committee are independent within the meaning of the CSA Audit Committee Rules.</p>
<p>The CSA Audit Committee Rules state that each audit committee member must be financially literate.</p>	<p>The Board has determined that all members of the Audit Committee are financially literate within the meaning of the CSA Audit Committee Rules.</p>
<p>The CSA Audit Committee Rules state that the audit committee must have a written charter that sets out its mandate and responsibilities.</p>	<p>The mandate of the Audit Committee, attached as Schedule B to the Annual Information Form of the Corporation and available on SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>, describes explicitly the role and oversight responsibilities of the Audit Committee.</p>
<p>The CSA Audit Committee Rules state that the audit committee must recommend to the Board: (a) the external auditor to be nominated for the purposes of preparing or issuing an auditors’ report or performing other audit, review or attest services for the issuer; and (b) the compensation of the external auditor.</p>	<p>The mandate of the Audit Committee provides that the Audit Committee is responsible for recommending the appointment of external auditors, their compensation, as well as reviewing and monitoring their qualifications, performance and independence.</p>
<p>The CSA Audit Committee Rules state that the audit committee must be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditors report or performing other audit, review or attest services for the issuer, including the resolution of disagreements between management and the external auditor regarding financial reporting.</p>	<p>The mandate of the Audit Committee provides that the committee is responsible for reviewing the relationships between the external auditors and the Corporation, including considering the auditors’ judgments about the quality, transparency and appropriateness and not just the acceptability of the Corporation’s accounting principles and resolving any issues between the external auditor and Management.</p>
<p>The CSA Audit Committee Rules state that the audit committee must pre-approve all non-audit services to be provided to the issuer or its subsidiary entities by the issuer’s external auditor.</p>	<p>The mandate of the Audit Committee states that the committee’s responsibilities include pre-approving all non-audit services to be provided to the Corporation and its subsidiaries. The Audit Committee has approved a written policy on pre-approval of non-audited services.</p>

REQUIREMENT UNDER THE CSA AUDIT COMMITTEE RULES	PRACTICES WITHIN THE CORPORATION
<p>The CSA Audit Committee Rules state that the audit committee must review the issuer's financial statements, MD&amp;A and annual and interim earnings press releases before the issuer publicly discloses this information. These rules also mention that the audit committee must be satisfied that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the public disclosure referred to in the preceding sentence, and must periodically assess the adequacy of those procedures.</p>	<p>The mandate of the Audit Committee provides that the committee is responsible for reviewing and recommending the approval of the annual and interim financial statements of the Corporation, including the Corporation's MD&amp;A disclosure, prior to their release, filing and distribution. The Audit Committee charter provides it must ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information (other than the public disclosure referred to in the preceding sentence) extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures.</p>
<p>The CSA Audit Committee Rules state that the audit committee must establish procedures for: (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.</p>	<p>The charter of the Audit Committee provides that the committee must establish procedures for the receipt, retention and treatment of complaints or concerns received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.</p> <p>The Board has approved a whistle-blowing procedure developed by the Audit Committee with respect to the anonymous submission by employees of concerns regarding, <i>inter alia</i>, questionable accounting or auditing matters.</p>
<p>The CSA Audit Committee Rules state that the audit committee must review and approve the issuer's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.</p>	<p>The charter of the Audit Committee provides that the committee is responsible for reviewing hiring policies for employees or former employees of the Corporation's firm of external auditors.</p>
<p>The CSA Audit Committee Rules state that the audit committee must have the authority: (a) to engage independent counsel and other advisors as it determines necessary to carry out its duties; (b) to set and pay the compensation for any advisors employed by the audit committee; and (c) to communicate directly with the internal and external auditors.</p>	<p>The Audit Committee's charter provides that the Audit Committee has the authority to authorize or conduct investigations into any matters that fall within its scope of responsibilities. Furthermore, the Audit Committee charter provides that the Audit Committee can engage outside advisors and communicate directly with internal and external auditors.</p>

## SCHEDULE “F”

### CHARTER OF THE BOARD OF DIRECTORS

This Charter prescribes the role of the Board of directors (the “**Board**”) of Innergex Renewable Energy Inc. (the “**Corporation**”). This Charter is subject to the provisions of the Corporation's Articles and By-Laws and to applicable laws. This Charter is not intended to limit, enlarge or change in any way the responsibilities of the Board as determined by such Articles and By-Laws and applicable laws.

#### 1. Role

The prime stewardship responsibility of the Board is to ensure the viability of the Corporation and to ensure that it is managed in the interests of the shareholders as a whole.

In addition to the powers and authorities conferred upon the Directors in the Corporation's Articles and By-Laws and to the duties of the directors of a Canadian corporation as prescribed by applicable laws, the mandate of the Board is to oversee the management of the business and affairs of the Corporation with a view to evaluate, on an ongoing basis, whether the Corporation's resources are being managed in a manner consistent with enhancing shareholder value, ethical considerations and stakeholder's interests.

#### 2. Constitution

##### 2.1 *Number*

The Board shall be comprised of that number of Board members as shall be determined from time to time by the Board upon recommendation of the Corporate Governance Committee. The Corporation's Articles provide that the Board shall be composed of a minimum of 3 and a maximum of 10 directors.

##### 2.2 *Independence*

A majority of the Board shall be composed of Board members who must be determined to be independent within the meaning of Regulation 52-110 – *Respecting Audit Committees*.

##### 2.3 *Criteria for Board membership*

Board members must have an appropriate mix of skills, knowledge and experience in business and an understanding of the geographical areas in which the Corporation operates. Board members selected should be able to commit the requisite time for all of the Board's business.

##### 2.4 *Fiduciary duty and duty of care*

Board members are expected to possess the following characteristics and traits:

- demonstrate high ethical standards and integrity in their personal and professional dealings



- act honestly and in good faith with a view to the best interests of the Corporation
- devote sufficient time to the affairs of the Corporation and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as a Committee members
- provide independent judgment on a broad range of issues
- understand and challenge the key business plans of the Corporation
- raise questions and issues to facilitate active and effective participation in the deliberations of the Board and of each Committee
- make all reasonable efforts to attend all Board and Committee meetings
- review the materials provided by management in advance of the Board and Committee meetings

In discharging their duties, Board members must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **2.5**     *Selection*

The Board approves annually the final choice of nominees for election by the shareholders, upon recommendation by the Nominating Committee.

### **2.6**     *Chairman*

The Board shall appoint a Chairman annually at the first meeting of the Board following the shareholders' annual meeting at which the directors are elected. If the Board does not so appoint a Chairman, the Director who is the serving as Chairman shall continue as chairman until his or her successor is appointed.

### **2.7**     *Remuneration*

Members of the Board and the Chairman shall receive such remuneration for their services as the Board may determine from time to time, in consultation with the Corporate Governance Committee, and which is customary for comparable corporations, having regard for such matters as time commitment, responsibility and trends in director compensation.

## **3.        Responsibilities**

The Board establishes the overall policies for the Corporation, monitors and evaluates the Corporation's strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management.

Without limiting the generality of the foregoing, the Board shall, *inter alia*:

**3.1** *With respect to strategic planning*

- Oversee the strategic planning process and review, monitor and approve, at least annually, the Corporation's long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- Approve and monitor the implementation of the Corporation's annual business plan.
- Advise the management on strategic issues.

**3.2** *With respect to human resources and performance assessment*

- Select the President and Chief Executive Officer and, approve the appointment of other senior management executives.
- Monitor and assess the performance of the President and Chief Executive Officer and the Chief Financial Officer.
- Oversee the evaluation of the other senior management members.
- Approve the compensation of the senior management, taking into consideration Board expectations and fixed goals and objectives.
- Monitor the implementation of incentive compensation plans and equity-based plans.
- Monitor management and Board succession planning process.
- Monitor the size and composition of the Board and its Committees based on competencies, skills and personal qualities sought in Board members.
- Review annually the charters of the Board and Committees and the duties of their respective Chair.

The Board may direct the Corporate Governance Committee and/or the Human Resources Committee to consider matters contemplated in this section 3.2 and to report and make recommendations to the Board.

**3.3** *With respect to financial matters and internal control*

- Monitor the integrity and quality of the Corporation's financial statements and the appropriateness of their disclosure.
- Review the general content of, and the Audit Committee's report on the financial aspects of, the Corporation's Annual Information Form, Annual Report, Management Proxy Circular, Management's Discussion and Analysis, prospectuses and any other document required to be disclosed or filed by the Corporation before their public disclosure or filing with regulatory authorities.

- Approve operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investment or divestitures.
- Establish dividend policies and procedures.
- Take all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- Monitor the Corporation's internal control and management information systems.
- Monitor the Corporation's compliance with applicable legal and regulatory requirements.
- Review at least annually the Corporation's information disclosure policy and monitor the Corporation's communications with analysts, investors and the public.
- Oversee the Whistleblower Procedures, including in respect of financial matters.

The Board may direct the Audit Committee to consider matters contemplated in this section 3.3 and to report and make recommendations to the Board.

#### **3.4** *With respect to corporate governance matters*

- Take all reasonable measures to satisfy itself as to the integrity of the President and Chief Executive Officer and other executive officers and that management creates a culture of integrity throughout the Corporation.
- Review, on a regular basis, the appropriate corporate governance structures and procedures.
- Adopt and review, on a regular basis, the Corporation's Code of conduct, policies and procedures applicable to the Board and employees.
- Approve the disclosure of the Corporation's governance practices in any document before it is delivered to the shareholders and the securities regulators or filed with the Stock exchanges.
- Review on an annual basis the Charter of the Board and of each Committee of the Board.
- Adopt formal position description for the Chairman of the Board, and the Chair of each Committee.
- Adopt a formal annual assessment process for the Board, as a whole, the Committees and the contributions of each director.
- Implement a continuing education program for all directors and a comprehensive orientation program for new directors;

- Assess on an annual basis the performance and effectiveness of the Board in accordance with the assessment process established by the Corporate Governance Committee.

The Board may direct the Corporate Governance Committee to consider matters contemplated in this section 3.4 and to report and make recommendations to the Board.

### **3.5 Other matters**

- Oversee the development and implementation of, and assess and monitor, environmental, safety and security policies, procedures and guidelines, including an emergency response plan.

## **4. Meetings**

The Board will meet at least quarterly, with additional meetings scheduled as required. Additional meetings may be held at the request of any Board member. The Chairman will forward to the President and Chief Executive Officer any questions, comments or suggestions of the Board members.

In order to transact business, at least a majority of directors then in office shall be present.

The Chairman will prepare, and the Corporate Secretary at the request of the Chairman, will distribute, the meeting agenda and minutes to the Board.

Information and materials that are important to the Board's understanding of the agenda items and related topics are distributed in advance of a meeting. The Corporation will deliver information on the business, operations and finances of the Corporation to the Board on an "as required basis".

The Chairman shall designate from time to time a person who may, but need not, be a member of the Board, to be secretary of any meeting of the Board.

At each quarterly meeting of the Board, non-management Board members will meet *in camera* session. To the extent that non-management directors include directors who are not independent directors, the independent directors shall meet at the conclusion of each quarterly meeting with only independent directors present.

The Board may invite any of the Corporation's employees, officers, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

## **5. Board Committees**

The Board may establish and delegate to committees of the Board any duties or responsibilities of the Board which the Board is not prohibited by law from delegating. However, the committees of the Board have the authority to make recommendations to the Board but not to bind the Corporation, except to the extent such authority has been specifically delegated to such committee by the Board. The roles and responsibilities of each Committee are described in their respective Committee charter. The Board may appoint *ad hoc* committees when deemed appropriate.

The Board has four standing committees: the Audit Committee, the Corporate Governance Committee, the Human Resources Committee and the Nominating Committee. The Board may combine the responsibilities of the three last committees into one or two committees.

## **6. Conflict of interest**

If a Board member (i) is party to a contract or transaction or proposed contract or transaction with Innergex or any of its affiliates, (ii) is a director or an officer, or an individual acting in a similar capacity, of a party to a contract or transaction or proposed contract or transaction with Innergex or any of its affiliates, or (iii) has a material interest in a person or an affiliate of any person who is a party to a contract or transaction or proposed contract or a transaction with Innergex or any of its affiliates, he/she shall disclose, as soon as possible, the nature and extent of his/her interest in writing to the Chairman of the Board of directors, or, in the case of the Chairman of the Board, to the President and Chief Executive Officer.

In such circumstances, a Director shall not:

- (i) receive material provided to the Board or Committee members;
- (ii) be present during meetings of the Board or Committees while the matter in question is discussed;
- (iii) vote on any resolution intended to approve such a contract or transaction; or
- (iv) receive copy of the minutes except to examine the portion of the minutes that contain disclosure relating to such Director's disclosure of conflict;

unless the contract or the transaction or proposed contract or transaction:

- (a) is related to his/her compensation as a director, officer, employee or agent of the Corporation;
- (b) is related to the purchase of liability insurance; or
- (c) is with an affiliate of the Corporation;

provided, however, that the Director's presence at the meeting where such vote is taken or the written acknowledgement by the Director of the existence of a written resolution is taken into consideration in the determination of the quorum required or the minimum number of Directors required.

The Board will approve a formal process to ensure that the foregoing is understood and followed by the Board members.

## **7. Advisors**

The Board may engage outside advisors at the expense of the Corporation in order to assist the Board in the performance of its duties and set and pay the compensation for such advisors.

The Board has determined that any Board member who wishes to engage a non-management advisor to assist on matters involving the Board member's responsibilities as a Board member at the expense of the Corporation should review the request with, and obtain the authorization of, the Chairman of the Board.

## **8. Board Interaction with Third Parties**

If a third party approaches a Board member on a matter of interest to the Corporation, the Board member should bring the matter to the attention of the Chairman who shall determine whether this matter should be reviewed with management or should more appropriately be dealt by the Board *in camera* session.

## **9. Communication with the Board**

Shareholders and other constituencies may communicate with the Board and individual Board members by contacting any one of the Chairman of the Board, the Chair of the Audit Committee or the Chair of the Corporate Governance Committee.

## **10. Review of the Charter**

The Board should review this Charter on an annual basis and make changes to this Charter, as considered appropriate from time to time.

## **11. Assessment**

On an annual basis the Board shall follow the process established by the Corporate Governance Committee of the Board for assessing performance and effectiveness for the Board.



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