

Pattern Energy Group Inc.
Form DEF 14A
April 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

PATTERN ENERGY GROUP INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 29, 2016

To the Stockholders of Pattern Energy Group Inc.:

It is my pleasure to invite you to attend Pattern Energy Group Inc.'s 2016 Annual Meeting of Stockholders (the "Annual Meeting"), to be held on Wednesday, June 15, 2016 at Pier 1, Bay 3, San Francisco, California. The Annual Meeting will begin promptly at 8:00 a.m., local time.

Details regarding the business to be conducted at the Annual Meeting are more fully described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. Whether or not you expect to attend, please date, sign, and return your proxy card in the enclosed envelope or vote by using the Internet according to the instructions in the Proxy Statement, as soon as possible, to assure that your shares will be represented and voted at the Annual Meeting. If you attend the Annual Meeting and follow the instructions in the Proxy Statement, you may vote your shares in person even though you have previously voted by proxy. On behalf of your Board of Directors, thank you for your continued support and interest.

Sincerely,

Name: Michael M. Garland

Title: President and Chief Executive Officer

Pier 1, Bay 3

San Francisco, CA 94111

T 415.283.4000

www.patternenergy.com

Pattern Energy Group Inc.
Pier 1, Bay 3
San Francisco, CA 94111
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On Wednesday, June 15, 2016

To the Stockholders of Pattern Energy Group Inc.:

You are cordially invited to attend the Annual Meeting of Stockholders (the “Annual Meeting”) of Pattern Energy Group Inc., a Delaware corporation (the “Company”). The Annual Meeting will be held on Wednesday, June 15, 2016 at 8:00 a.m. local time at Pier 1, Bay 3, San Francisco, California, for the following purposes:

1. To elect seven directors to serve until the 2017 Annual Meeting of Stockholders.
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016.
3. An advisory vote to approve executive compensation.
4. An advisory vote on the frequency of holding future advisory votes on executive compensation.
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is April 21, 2016. Only stockholders of record at the close of business on that date may vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors
Kim H. Liou
Corporate Secretary

San Francisco, California
April 29, 2016

You are cordially invited to attend the Annual Meeting in person. Whether or not you expect to attend the Annual Meeting, please vote as soon as possible. We encourage you to vote via the Internet. For further details, see “Questions and Answers about This Proxy Material and Voting.”

Pattern Energy Group Inc.
Pier 1, Bay 3
San Francisco, CA 94111

PROXY STATEMENT
FOR THE 2016 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON WEDNESDAY, JUNE 15, 2016
AVAILABILITY OF PROXY MATERIALS

This Proxy Statement and proxy card are furnished in connection with the solicitation of proxies to be voted at the 2016 Annual Meeting of Stockholders (the “Annual Meeting”) of Pattern Energy Group Inc., referred to herein as the “Company,” “we,” “our,” “us,” “our company,” or “Pattern Energy,” which will be held on Wednesday, June 15, 2016, at 8:00 local time at Pier 1, Bay 3, San Francisco, California.

On or about April 29, 2016, we will mail to our stockholders of record and beneficial owners a Notice of Internet Availability of Proxy Materials (the “Notice”) containing instructions on how to access this Proxy Statement and our Annual Report on Form 10-K via the Internet and vote online. As a result, you will not receive a printed copy of the proxy materials in the mail unless you request a copy. All stockholders will have the ability to access the proxy materials on a website referred to in the Notice and may request a printed set of the proxy materials by mail or electronically from such website. If you would like to receive a printed or electronic copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

EXPLANATORY NOTE

For Canadian securities law purposes, we are an “SEC foreign issuer.” As such, we will satisfy applicable Canadian securities laws relating to information circulars, proxies and proxy solicitation if we comply with the requirements of applicable U.S. federal securities laws, file our proxy materials with the Canadian securities regulatory authorities and send our proxy materials to Canadian stockholders in the manner and at the time required by U.S. federal securities laws and any requirements of the NASDAQ Global Select Market (“NASDAQ”). This Proxy Statement is prepared in accordance with such requirements of U.S. federal securities laws.

All monetary amounts shown in this Proxy Statement are expressed in United States dollars unless otherwise expressly noted.

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why is the Company soliciting my proxy?

You have received these proxy materials because the board of directors of the Company is soliciting your proxy to vote at the 2016 Annual Meeting of Stockholders (the "Annual Meeting"). This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders summarizes the purposes of the meeting and the information you need to know to vote at the Annual Meeting.

Who can vote at the Annual Meeting?

Only stockholders of record who owned shares of our Class A common stock ("Class A Common Stock" or "Common Stock") at the close of business on April 21, 2016 will be entitled to vote at the Annual Meeting. On this record date, there were 74,930,970 shares of Common Stock outstanding. The holders of shares of Common Stock have the right to one vote for each share they held as of the record date.

In accordance with Delaware law, a list of stockholders of record entitled to vote at the Annual Meeting will be available at the place of the Annual Meeting on June 15, 2016 and will be accessible for ten days prior to the Annual Meeting at our principal place of business, Pier 1, Bay 3, San Francisco, CA 94111, between the hours of 9:00 a.m. and 5:00 p.m. local time.

How many votes do I have?

Each share of Common Stock that you own entitles you to one vote.

What am I voting on?

There are four matters scheduled for a vote:

• Election of directors;

• Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;

• An advisory vote to approve executive compensation; and

• An advisory vote on the frequency of holding future advisory votes on executive compensation.

How do I vote?

If on April 21, 2016, your shares were registered directly in your name with our stock transfer agent, Computershare, then you are a stockholder of record. Stockholders of record may vote by using the Internet, by telephone, or by mail as described below. Stockholders also may attend the Annual Meeting and vote in person. If you hold shares through a bank or broker, please refer to your proxy card, Notice or other information forwarded by your bank or broker to see which voting options are available to you.

Whether you plan to attend the Annual Meeting or not, we urge you to vote by proxy. All shares represented by valid proxies that we receive through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card or as instructed via telephone or Internet.

You may vote by using the Internet at www.envisionreports.com/PEGI and following the instructions for Internet voting on the proxy card mailed to you. Internet voting is available 24 hours a day and will be accessible until 1:00 a.m. Eastern Time on June 15, 2016. Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

You may vote by telephone by calling 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is NO CHARGE to you for the call. Telephone voting is available 24 hours a day and will be accessible until 1:00 a.m. Eastern Time on June 15, 2016. Easy-to-follow instructions allow you to vote your shares and confirm that your instructions have been properly recorded.

• You may vote by mail by completing and mailing in a paper proxy card as outlined in this Proxy Statement.

• You may vote in person at the meeting, by delivering a completed proxy card or by completing a ballot, which will be available at the meeting.

If your shares are held by your broker as your nominee (that is, in "street name"), you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the Annual Meeting.

Who is paying for this proxy solicitation?

The Company will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. The Company may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

What is "householding" and how does it affect me?

The Securities and Exchange Commission (the "SEC") has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Pattern Energy stockholders may be "householding" our proxy materials. A single proxy statement may be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you notify your broker or us that you no longer wish to participate in "householding."

If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate copy of this Proxy Statement and our Annual Report on Form 10-K, you may (1) notify your broker, (2) direct your written request to: Pattern Energy Group Inc., Attn: Corporate Secretary, Pier 1, Bay 3, San Francisco, CA 94111, or (3) contact our Investor Relations department by telephone at 415-283-4000. Stockholders who currently receive multiple copies of this Proxy Statement at their address and would like to request "householding" of their communications should contact their broker. In addition, we will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of this Proxy Statement and our Annual Report on Form 10-K to a stockholder at a shared address to which a single copy of the documents was delivered.

Where may I request an additional copy of this Proxy Statement or the Company's Annual Report?

Any stockholder of record who wishes to receive an additional copy of this Proxy Statement or of our Annual Report on Form 10-K as filed with the SEC without charge may (i) call the Company at 415-283-4000 or (ii) mail a request to: Pattern Energy Group Inc., Pier 1, Bay 3, San Francisco, CA 94111, Attention: Corporate Secretary, and we will promptly deliver the requested materials to you upon your request. You may also obtain our Annual Report on Form 10-K, as well as this Proxy Statement, on the SEC's website (www.sec.gov), on the SEDAR website of the Canadian Securities Administrators (www.sedar.com), or on our investor relations website at investors.patternenergy.com under "Financial Information - SEC Filings."

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted (i) "For" the election of all nominees for director, (ii) "For" ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016, (iii) "For" approval, on an advisory and non-binding basis, of the compensation for our named executive officers as disclosed in this Proxy Statement, and (iv) for every "1 year," on an advisory and non-binding basis, as the frequency with which stockholders are provided future advisory votes to approve executive compensation. However, with respect to each of (i), (iii) and (iv) of the preceding sentence, if you are not a record holder, such as where your shares are held through a broker, nominee, fiduciary or other custodian, you must provide voting instructions to the record holder of the shares in accordance with the record holder's requirements in order for your shares to be properly voted. If any other matter is properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. You may revoke your proxy in any one of these ways:

• You may submit another properly completed proxy card with a later date;

• You may re-vote by Internet, as instructed above;

• You may send a written notice that you are revoking your proxy to the Corporate Secretary of the Company at Pier 1, Bay 3, San Francisco, California 94111; or

• You may attend the Annual Meeting, asking that your proxy be revoked, and voting in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count:

• “For” votes, “Against” votes, abstentions and broker non-votes (with respect to each of the election of directors and the advisory vote to approve executive compensation);

• Every “1 year” votes, “2 years” votes, “3 years” votes, abstentions and broker non-votes (with respect to the advisory vote on the frequency of holding future advisory votes on executive compensation); and

• “For” votes, “Against” votes, and abstentions (with respect to the ratification of the Company's independent registered public accounting firm for fiscal year 2016).

If your shares are held in “street name,” you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to “discretionary” items, but not with respect to “non-discretionary” items. Discretionary items are proposals considered routine under applicable rules on which your broker may vote shares held in street name without your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. Under applicable rules, Proposal 2 (ratification of the Company's independent registered public accounting firm for fiscal year 2016) is considered “discretionary.” However, each of (i) Proposal 1 (election of directors), whether contested or uncontested, (ii) Proposal 3 (advisory vote to approve executive compensation), and (iii) Proposal 4 (advisory vote on the frequency of holding future advisory votes on executive compensation) is considered “non-discretionary,” and therefore brokers are not permitted to vote your shares held in street name for any of such proposals in the absence of instructions from you. Therefore, we encourage you to provide voting instructions to your bank, broker or other nominee. This ensures your shares will be voted at the Annual Meeting in the manner that you choose.

How many votes are needed to approve each proposal?

For Proposal 1, the election of directors, the seven nominees receiving the most “For” votes (among votes properly cast in person or by proxy) will be elected. Broker non-votes and abstentions will have no effect. The board of directors has adopted a majority voting policy pursuant to which if a nominee fails to receive “For” votes in an amount that exceeds the “Against” and/or “Withheld” votes in an election that is not a contested election, the nominating, governance and compensation committee shall make a recommendation to the board of directors as to whether to accept or reject the resignation of such director. See “Board of Directors and Corporate Governance - Majority Voting Policy.”

To be approved, Proposal 2 to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 must receive a “For” vote from the majority of all shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon either in person or by proxy. If you “Abstain” from voting, it will have the same effect as an “Against” vote. If our stockholders do not ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year ending December 31, 2016, our audit committee of our board of directors will reconsider its selection.

To be approved, Proposal 3 providing an advisory vote to approve executive compensation, must receive a “For” vote from the majority of all shares present in person or represented by proxy at the Annual Meeting and entitled to vote thereon either in person or by proxy. If you “Abstain” from voting, it will have the same effect as an “Against” vote.

With respect to Proposal 4, you may vote for every “1 year,” “2 years,” “3 years,” or “Abstain.” If you “Abstain” from voting, your shares will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid Annual Meeting. A quorum will be present if a majority of all shares of Common Stock outstanding on April 21, 2016, the record date, are represented at the Annual Meeting present in person or by proxy. If there are not enough shares of Common Stock present both in person and by timely and properly submitted proxies to constitute a quorum, the Annual Meeting may be adjourned until such time as a sufficient number of shares of Common Stock are present. On the record date, there were 74,930,970 shares of Common Stock outstanding and entitled to vote.

Your shares of Common Stock will be counted for purposes of determining if there is a quorum if you properly cast your vote or a proxy card has been properly submitted by you or on your behalf. Proxies received but marked as “abstentions” and “broker non-votes” will each be counted as present for purposes of determining the presence of a quorum.

Is voting confidential?

We will keep all the proxies, ballots and voting tabulations private. We only let our inspector of election, Computershare, examine these documents. Management will not know how you voted on a specific proposal unless it is necessary to meet other legal requirements. We will, however, forward to management any written comments you provide on the proxy card or through other means.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be available on a Current Report on Form 8-K filed with the SEC within four business days after the end of the Annual Meeting.

A Note About the Company Website

Although we include references to our website (investors.patternenergy.com) throughout this Proxy Statement, information that is included on our website is not incorporated by reference into, and is not a part of, this Proxy Statement. Our website address is included as an inactive textual reference only.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Our board of directors consists of seven members. Each director will be elected annually to serve until his or her successor is duly elected or appointed and qualified or until his or her earlier death, retirement, disqualification, resignation or removal. See “Proposal 1 - Election of Directors.” The ages of our directors set forth below are as of December 31, 2015.

Name	Age	Position(s) Held
Alan R. Batkin	71	Director, Chairman ⁽¹⁾⁽²⁾⁽³⁾
Patricia S. Bellinger	54	Director ⁽²⁾⁽³⁾
The Lord Browne of Madingley	67	Director
Michael M. Garland	65	Director, President and Chief Executive Officer
Douglas G. Hall	66	Director ⁽¹⁾⁽³⁾
Michael B. Hoffman	65	Director
Patricia M. Newson	59	Director ⁽¹⁾⁽³⁾

(1) Member of Audit Committee

(2) Member of Nominating, Governance and Compensation Committee

(3) Member of Conflicts Committee

Alan R. Batkin

Mr. Batkin is chairman and chief executive officer of Converse Associates, Inc., a strategic advisory firm. He has served as a member and chairman of our board of directors since October 2013. Mr. Batkin serves on the boards of Hasbro, Inc., Cantel Medical Corp. and Omnicom Group, Inc. During the past five years he has also served on the board of Overseas Shipping Group, Inc. He was vice chairman of Eton Park Capital Management, L.P., from 2007 to 2012. Prior thereto, he was the vice chairman of Kissinger Associates, Inc. from 1990 until 2006. He is an overseer, trustee or board member of a number of non-profit organizations, including, among others, the International Rescue Committee, the Brookings Institution, the Mailman School of Public Health of Columbia University, the Massachusetts General Hospital Center for Global Health and the New York City Police Foundation. We believe Mr. Batkin’s extensive public company, energy industry and leadership experience enables him to provide essential guidance to our board of directors and our management team.

Patricia S. Bellinger

Ms. Bellinger has served as a member of our board of directors since October 2013. Ms. Bellinger is the executive director at Harvard Kennedy School’s Center for Public Leadership as well as an adjunct lecturer at Harvard Kennedy School. She currently serves on the board of Sodexo SA and previously served on the board of Nordic Windpower Inc. from 2008 to 2010. Before joining Harvard Kennedy School, Ms. Bellinger was the executive director of executive education at Harvard Business School from 2011 to 2013, where she managed a \$145 million portfolio of programs. Prior to joining Harvard Business School, Ms. Bellinger was group vice president at British Petroleum from 2000 to 2007, where she oversaw leadership development programs and established and led British Petroleum’s global diversity and inclusion transformation. Ms. Bellinger has a leadership role in a number of non-profit organizations, including the Program in Education, Afterschool & Resiliency at McLean Hospital, Facing History and Ourselves and uAspire. We believe Ms. Bellinger’s extensive public company, energy industry and leadership experience enables her to provide essential guidance to our board of directors and our management team.

The Lord Browne of Madingley

The Lord Browne of Madingley has served as a member of our board of directors since October 2013. Lord Browne is chairman of L1 Energy and chairman of Huawei (UK). Prior to joining L1 Energy in March 2015, Lord Browne was a partner at Riverstone Holdings LLC, an energy and power-focused private equity firm (“Riverstone”) for eight years. Lord Browne spent 41 years at British Petroleum, holding various senior management positions during that time. In 1991, he joined the board of The British Petroleum Company plc and was appointed group chief executive in 1995 and remained in this position until May 2007. Lord Browne was chairman of the advisory board of Apax Partners

LLC from 2006 to 2007, a non-executive director of Goldman Sachs from 1999 to 2007, a non-executive director of Intel Corporation from 1997 to 2006, a trustee of

The British Museum from 1995 to 2005, a member of the supervisory board of DaimlerChrysler AG from 1998 to 2001 and a non-executive director of SmithKline Beecham from 1996 to 1999.

Lord Browne was the president of the Royal Academy of Engineering from 2006 to 2011 and is chairman of the trustees of the Queen Elizabeth prize for engineering. He is a fellow of the Royal Society and a foreign member of the U.S. Academy of Arts and Sciences. He was appointed a trustee of the Tate Gallery in August 2007 and chairman of the trustees in January 2009. He was the chairman of the Independent Review of Higher Education Funding and Student Finance, which published its report in October 2010. He was the UK Government's lead non-executive board member from June 2010 to January 2015. He was knighted in 1998 and made a life peer in 2001. We believe Lord Browne's extensive leadership and financial and energy industry expertise enables him to contribute significant managerial, strategic and financial oversight skills to our board of directors.

Michael M. Garland

Mr. Garland has served as our president and chief executive officer and as a member of our board of directors since October 2012. Prior to joining our company, Mr. Garland served as chief executive officer of Pattern Energy Group LP ("Pattern Development") since June 2009. Prior to joining Pattern Development, Mr. Garland was a partner of Babcock & Brown from 1986 to 2009, where he initiated and managed project finance activities, energy development and energy investment, and led Babcock & Brown's North American Infrastructure Group. Prior to that, Mr. Garland worked for the State of California as Chief of Energy Assessments from 1975 to 1986. Mr. Garland currently serves on the board of directors of SteelRiver Infrastructure Fund North America, GP. We believe Mr. Garland's extensive leadership experience enables him to play a key role in all matters involving our board of directors and contribute an additional perspective from the energy industry.

Douglas G. Hall

Mr. Hall has served as a member of our board of directors since October 2013. Mr. Hall was a managing director at RBC Capital Markets covering public and private capital raising, mergers and acquisitions support and strategic advisory assignments for diversified industry groups from 1979 until his retirement in 2005. Mr. Hall is currently a director of Metamaterial Technologies, Millar Western Forest Products, and Stanfield's, and a member of the Advisory Board of Southwest Properties and Purpose Investments/NexC Partners. We believe Mr. Hall's experience in investment banking as well as his experience and understanding of financial and disclosure matters enables him to provide essential guidance to our board of directors and our management team.

Michael B. Hoffman

Mr. Hoffman has served as a member of our board of directors since October 2012. Mr. Hoffman is a partner of Riverstone, where he is principally responsible for investments in power and renewable energy for Riverstone's funds and is based in New York. Mr. Hoffman is head of Riverstone's Renewable Energy Funds I and II. Before joining Riverstone in 2003, Mr. Hoffman was senior managing director and head of the mergers and acquisitions advisory business of The Blackstone Group for 15 years, where he also served on the firm's principal group investment committee as well as its executive committee. Prior to joining Blackstone, Mr. Hoffman was managing director and co-head of the mergers and acquisitions department of Smith Barney, Harris Upham & Co. Mr. Hoffman is chairman of the board of directors of Onconova Therapeutics Inc., on the board of directors of Talen Energy Corporation, and the general partner of Enviva Partners, LP. His non-profit board affiliations include Rockefeller University. We believe Mr. Hoffman's extensive leadership, energy industry and financial expertise enables him to contribute significant managerial, strategic and financial oversight skills to our board of directors.

Patricia M. Newson

Ms. Newson has served as a member of our board of directors since October 2013. Ms. Newson currently is a director of the Alberta Electric System Operator and of Quality Urban Energy Systems of Tomorrow (QUEST), a non-profit. Ms. Newson retired in 2011 from AltaGas Ltd. as president of the utility division and was previously president and chief executive officer of AltaGas Utility Group Inc. from 2005 to 2009, and senior vice president finance and chief financial officer of AltaGas Income Trust from 1996 to 2006. Her previous board experience includes Brookfield Residential Properties Inc., Brookfield Asset Management Inc., AltaGas Utility Group Inc., Long Run Exploration Inc., Guide Exploration Inc., Heritage Gas Limited, Inuvik Gas Ltd., and the Canadian Gas Association. Ms. Newson is a Fellow Chartered Accountant. We believe Ms. Newson's public company and energy industry experience as well

as her experience and understanding of financial accounting, finance and disclosure matters enables her to provide essential guidance to our board of directors and our management team.

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BOARD LEADERSHIP STRUCTURE

Our board of directors does not have a formal policy with respect to whether our Chief Executive Officer (CEO) should also serve as our chairman of the board (Chairman). Currently, Michael M. Garland is our Chief Executive Officer, and Alan R. Batkin is our Chairman. Our board of directors believes that its current leadership structure best promotes the board's objective to effectively oversee management, the ability of our board of directors to carry out its roles and responsibilities on behalf of the stockholders, and our Company's overall corporate governance. Our board of directors also believes that the current separation of the Chairman and Chief Executive Officer roles allows Mr. Garland to develop and execute the Company's corporate strategy and focus on day-to-day operations and company performance while leveraging Mr. Batkin's experience and independence. Our board of directors periodically reviews the leadership structure and may make changes in the future.

MAJORITY VOTING POLICY

Our board of directors has adopted a majority voting policy for uncontested director elections. Under such policy, in order for a person to become a nominee for election to the board of directors, such person must submit an irrevocable resignation, contingent on both (i) that person not receiving a "for" vote that exceeds the "against" and/or "withheld" vote in an election that is not a contested election and (ii) acceptance of that resignation by the board of directors in accordance with the policies and procedures of the board of directors adopted for such purpose. In the event a director nominee fails to receive a "for" vote that exceeds the "against" and/or "withheld" vote in an election that is not a contested election, the nominating, governance and compensation committee shall make a recommendation to the board of directors as to whether to accept or reject the resignation of such director. The board of directors shall act on the resignation, taking into account the recommendation of the nominating, governance and compensation committee, and publicly disclose its decision, including, if the resignation is rejected, the rationale for that decision. The nominating, governance and compensation committee in making its recommendation, and the board of directors in making its decision, may each consider all factors and information that they consider relevant and appropriate. The policy provides that the nominating, governance and compensation committee and the board of directors will consider these matters without the participation of the nominee in question. If the board of directors accepts a director's resignation pursuant to this standard, then the board of directors may fill the resulting vacancy pursuant to the amended and restated bylaws of the Company.

At the Annual Meeting, the director nominees will be voted on individually and the voting results for each nominee will be publicly disclosed by us in a news release and on a Current Report on Form 8-K filed with the SEC, and with the Canadian securities administrators on their SEDAR website (www.sedar.com).

CORPORATE GOVERNANCE AND BOARD MATTERS

Independence of the Board of Directors

As required under the listing standards of the NASDAQ, a majority of the members of a NASDAQ-listed company's board of directors must qualify as "independent," as affirmatively determined by its board of directors, or delegated committee. Consultations are made with counsel to ensure that such determinations are consistent with all relevant laws and regulations regarding the definition of "independent," including those set forth in pertinent listing standards of NASDAQ, as in effect from time to time.

Management has reviewed the directors' responses to a questionnaire asking about their transactions, relationships and arrangements with the Company (and those of their immediate family members) and other potential conflicts of interest. Other than as set forth in this Proxy Statement, these questionnaires did not disclose any transactions, relationships, or arrangements that question the independence of our directors. After reviewing this information, under the NASDAQ Stock Market Rules, we have determined that all of our directors are independent directors, except Mr. Garland because he is an employee. The NASDAQ independence definitions include a series of objective tests, such as that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with the Company.

We currently qualify as an SEC foreign issuer under Canadian securities laws and are exempt from, among other things, requirements under those laws to (i) have an audit committee of at least three people consisting solely of independent directors, and (ii) disclose annually the extent to which we comply with certain recommendations of the Canadian Securities Administrators regarding, among other corporate governance matters, the composition of our board of directors and of committees of our board of directors, the director nomination process, director term limits, and information regarding the representation of women in director and executive officer positions.

A director is considered to be independent for the purposes of Canadian securities laws if the director has no direct or indirect material relationship to the Company. A "material relationship" is a relationship that could, in the view of the board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain individuals, such as current or former (within three years) employees and executive officers of the Company or a parent or subsidiary of the Company, are deemed by Canadian securities laws to have material relationships with the Company. Under Canadian securities laws our non-independent directors are Messrs. Garland, Hoffman and The Lord Browne. Mr. Garland is deemed to be non-independent because he is our Chief Executive Officer. Mr. Hoffman and The Lord Browne are also deemed non-independent because of their current or prior affiliations with Riverstone (which is the manager of funds that own interests in Pattern Development (which was a majority shareholder of the Company until May 2014)).

Information Regarding the Board of Directors and its Committees

The board of directors met 12 times during 2015. As required under NASDAQ listing standards, our directors meet in various regularly scheduled executive sessions. Such executive sessions include sessions at which only the directors (including directors who are members of management) are present, a second session where only non-management directors are present, and then a session where only the directors who are independent under the requirements of both the Nasdaq Stock Market Rules and Canadian securities laws are present. The board has an audit committee, a conflicts committee, and a nominating, governance and compensation committee. The following table provides membership and meeting information for each of the board committees during 2015:

Name	Audit	Conflicts	Nominating, Governance and Compensation
Alan Batkin	Member	Member	Member
Patricia Bellinger	—	Member	Chair
The Lord Browne of Madingley	—	—	—
Michael Garland	—	—	—
Douglas Hall	Member	Chair	—
Michael Hoffman	—	—	—
Patricia Newson	Chair	Member	—
Total meetings held in fiscal year 2015	10	11	6

Each board member attended at least 75% of the aggregate of the total number of meetings of the board and meetings held by all committees on which such board member served during fiscal 2015. Our corporate governance guidelines provide that directors are also expected to attend the Company's annual meeting of stockholders. All directors attended the 2015 annual general meeting of stockholders.

Below is a description of each committee of the board of directors. The nominating, governance and compensation committee has determined that each member of the audit, conflicts, and nominating, governance and compensation committees meets the applicable rules and regulations regarding "independence" and that each such member is free of any relationship that would interfere with his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

Our audit committee's role and responsibilities are set forth in the committee's written charter and the Company's corporate governance policy and include:

- approving and retaining the independent auditors to conduct the annual audit of our financial statements;
- reviewing and pre-approving the audit and allowable non-audit services to be performed by our independent registered public accounting firm;
- evaluating the qualifications, performance and independence of our independent registered public accounting firm;
- monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters;
- reviewing the adequacy and effectiveness of our internal control policies and procedures;
- discussing the scope and results of the audit with the independent registered public accounting firm and reviewing with management and the independent registered public accounting firm our interim and year-end operating results;
- preparing the audit committee report in our annual proxy statement;
- establishing procedures for complaints received by us regarding accounting matters;
- overseeing internal audit function; and
- reviewing and evaluating, at least annually, its own performance and that of its members, including adequacy of its written charter.

Our audit committee charter can be found on the corporate governance section of our investor relations website at investors.patternenergy.com. Each of Ms. Newson and Messrs. Batkin and Hall served on the audit committee of the board of directors during 2015.

The nominating, governance and compensation committee annually reviews both Securities Exchange Act Rule 10A-3 and the NASDAQ listing standards definition of independence for audit committee members and has determined that all members of our audit committee are independent (as independence is currently defined in such standards). The board of directors concurred with the determination by the audit committee that Ms. Newson and Mr. Batkin are audit committee financial experts as defined by Item 407(d) of Regulation S-K. The board made a qualitative assessment of Ms. Newson's level of knowledge and experience based on a number of factors, including her experience as a Chartered Accountant with Ernst & Young, as Chief Financial Officer of AltaGas Income Trust, and as a member of the audit committee of multiple public companies. The board made a qualitative assessment of Mr. Batkin's level of knowledge and experience based on a number of factors, including his experience as a Certified Public Accountant with Coopers & Lybrand, and as a member of the audit committee of various public companies.

Nominating, Governance and Compensation Committee

Our nominating, governance and compensation committee's role and responsibilities are set forth in the committee's written charter and the Company's corporate governance policy and include:

- assisting our board of directors in identifying prospective director nominees and recommending nominees for each annual meeting of stockholders to the board of directors;
- overseeing the annual evaluation of our board of directors and management;
- recommending members for each board committee to our board of directors;

- reviewing and monitoring our corporate governance guidelines and code of business conduct and ethics;
- reviewing developments in corporate governance practices and developing and recommending governance principles applicable to our board of directors;

- reviewing and monitoring actual and potential conflicts of interest of members of our board of directors and officers;
- approving the independence of members of committees required to have independent members;
- overseeing the development and implementation of our compensation philosophy and our benefits policies generally;
- making recommendations to the board regarding adoption of equity-based compensation plans and other incentive compensation plans that are subject to board and/or stockholder approval;
- overseeing administration of our equity compensation and other incentive compensation plans;
- reviewing and approving corporate goals and objectives relevant to compensation of our chief executive officer and other senior executive officers, as well as evaluating their performance in light of the compensation program objectives;
- making recommendations to the board regarding the compensation, benefits and other employment arrangements for our chief executive officer and our other senior executive officers;
- overseeing compensation-related risk, stock ownership guidelines, and succession planning for our executive officers;
- reviewing and recommending compensation goals and bonus and equity compensation criteria for our employees;
- reviewing and recommending compensation programs for non-employee directors;
- engaging and approving payment of compensation consultants to assist the committee in discharging its responsibilities; and
- reviewing and evaluating, at least annually, its own performance and that of its members, including adequacy of its written charter.

A more detailed description of the committee's functions can be found in our nominating, governance and compensation committee charter. The charter is published in the corporate governance section of our investor relations website at investors.patternenergy.com. Each of Ms. Bellinger and Mr. Batkin served on the nominating, governance and compensation committee of the board of directors during 2015. All members of the committee are independent (as independence is currently defined in the NASDAQ listing standards).

Generally during the first quarter of each year, the committee reviews and makes recommendations to the board of directors regarding compensation for our senior executive officers, including our named executive officers, and for the pool of employees other than our senior executive officers. Mr. Garland, our principal executive officer, does not participate in the determination of his own compensation, but he makes recommendations to the committee regarding the amount and form of compensation of the other senior executive officers.

Our nominating, governance and compensation committee also reviews and discusses annually with management our "Compensation Discussion and Analysis."

The nominating, governance and compensation committee will consider director candidates recommended by stockholders and evaluate them using the same criteria as candidates identified by the board or the nominating, governance and compensation committee for consideration. If a stockholder of the Company wishes to recommend a director candidate for consideration by the nominating, governance and compensation committee, the stockholder recommendation should be delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, and must include information regarding the candidate and the stockholder making the recommendation. In evaluating candidates for the board, the nominating, governance and compensation committee may consider all factors it deems relevant, including the competencies and skills that the board considers to be necessary for the board as a whole to possess, the competencies and skills that the board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The nominating, governance and compensation committee shall also consider the amount of time and resources that nominees have available to fulfill their duties as a board member. In addition, the corporate governance guidelines indicate additional factors to consider include diversity, age, issues of judgment, and length of term served.

Conflicts Committee

Our conflicts committee reviews specific matters that the board of directors believes may involve conflicts of interest arising from material transactions with Pattern Development or its affiliates, and certain other matters the board determines to submit to the conflicts committee for review. We are required to seek approval of the conflicts committee for any transaction involving the sale of a project from Pattern Development to us or for any amendments

to the Management Services Agreement between the Company and Pattern Development. The conflicts committee will determine if the resolution of the conflict of interest is fair and reasonable to us. The nominating, governance and compensation committee must unanimously determine that nominees for this committee meet the applicable independence requirements. In addition,

the board of directors must affirm the nominating, governance and compensation committee's independence determinations before it places nominees on the committee. The members of the conflicts committee may not be officers or employees of Pattern Development or its affiliates, including Riverstone (which is the manager of funds which own interests in Pattern Development). Each of Messrs. Hall and Batkin and Ms. Bellinger and Newson served on the conflicts committee of the board of directors during 2015.

NOMINATING, GOVERNANCE AND COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Each of Ms. Bellinger and Mr. Batkin served on the nominating, governance and compensation committee of the board of directors during 2015. None of the members of the nominating, governance and compensation committee was at any time during the 2015 fiscal year (or at any other time) an officer or employee of the Company. None of the Company's executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or nominating, governance and compensation committee.

RISK OVERSIGHT MANAGEMENT

Our board is responsible for ensuring that processes are in place to identify the principal risks of the Company's businesses and ensuring that appropriate systems to measure and manage these risks are properly implemented. Our board provides risk oversight for our entire company by receiving risk assessments, and discussing these assessments with management. The board's overall risk oversight is supplemented by the various committees. The audit committee discusses with management and our independent registered public accounting firm our risk management guidelines and policies, our major financial risk exposures and the steps taken to monitor and control such exposures. Our nominating, governance and compensation committee oversees risks related to our compensation programs and discusses with management its annual assessment of our employee compensation policies and programs. Our conflicts committee oversees risks related to related party transactions with Pattern Development and discusses with management risks related to acquisitions from and the bilateral management services agreement with Pattern Development and its affiliates.

STOCKHOLDER COMMUNICATIONS WITH OUR BOARD OF DIRECTORS

Stockholders and interested parties may communicate with our board of directors by sending correspondence to the board of directors, a specific committee of our board of directors or a director c/o our Corporate Secretary, at Pattern Energy Group Inc., Pier 1, Bay 3, San Francisco, California 94111.

Our Corporate Secretary reviews all communications to determine whether the contents include a message to a director and will provide a summary and copies of all correspondence (other than solicitations for services, products or publications) to the applicable director or directors at each regularly scheduled meeting. The Corporate Secretary will alert individual directors to items that warrant a prompt response from the individual director prior to the next regularly scheduled meeting. Items warranting prompt response, but not addressed to a specific director, will be routed to the applicable committee chair.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted the Pattern Energy Group Inc. Code of Business Conduct and Ethics that applies to all directors, officers and employees. If the Company makes any substantive amendments to the Code of Business Conduct and Ethics or grants any waiver from a provision of the Code to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver in its public filings, as required by law or securities market regulations. In July 2015, the board adopted certain technical amendments to the Code of Business Conduct and Ethics which clarified that Company funds or assets were not to be used to make political contributions to any candidate, political party, or political action committee, unless prior approval had been given by the chief executive officer. In addition, approval of the chief executive officer is required for the Company to engage in lobbying activities and becoming a member of trade associations (which associations may coincidentally engage in their own political contribution and lobbying activities). A copy of the current Code of Business Conduct and Ethics is available on the corporate governance section of our investor relations website at investors.patternenergy.com.

CORPORATE GOVERNANCE GUIDELINES

The board has developed corporate governance guidelines to help it fulfill its responsibilities to shareholders. A copy is available on the corporate governance section of our investor relations website at investors.patternenergy.com. The

purpose of the corporate governance guidelines is to assist the board in the exercise of its responsibilities and to provide a concise description of the corporate governance obligations, principles and practices of the board. In March 2016, the corporate governance guidelines relating to term limits and retirement age for directors were amended. The amendments provide that a director should not be renominated after 10 years of service or nominated or renominated if he or she is 75 years old or older. However, the board reserves discretion to nominate or renominate such a director on a case by case basis where it determines that it is in the best interest of the Company to do so, as the board recognizes that from time to time there may be circumstances where exceptions need to be made to retain needed continuity and expertise, or for other business reasons. In addition, in July 2015, various clarifying amendments to the corporate governance guidelines were adopted, including an amendment to the provisions relating to employee directors which provides that the chief executive officer may continue to serve on the board following resignation, retirement, or change in position of such chief executive officer, if the nominating, governance and compensation committee so recommends to the board, and the board approves such continued board service. In addition, clarifying amendments were adopted to provide that directors must notify the chair of the nominating, governance and compensation committee prior to accepting any invitation to serve on a not-for-profit/tax-exempt board in order for the Company to confirm the absence of any actual or potential conflict of interest and if such service is expected to require significant commitments of time, and that the chairman of the board is to preside over executive sessions in the event the chairman is an independent director.

STOCK OWNERSHIP POLICY FOR DIRECTORS

The corporate governance guidelines also provide that the board believes that directors should hold meaningful equity ownership positions in the Company. Until the Company's independent directors have accumulated shares of our Common Stock with a market value equal to three times such director's annual retainer (which shall include each board member's base annual retainer amount and the board chairman's incremental retainer, but not the committee chairs' incremental retainers or the per meeting fees), a minimum of 65% of such annual retainer will be payable in the form of shares of our Common Stock or restricted stock units in lieu of cash.

NON-EMPLOYEE DIRECTOR COMPENSATION

Our director compensation policy, which was not changed for 2015, provides that only our independent directors receive fees for serving as directors. They receive an annual retainer of (i) \$125,000 and (ii) \$15,000 annually for each committee chair held (except that the chair of our audit committee receives \$20,000). Our chairman of the board also receives an additional annual retainer of \$70,000. A minimum of sixty-five percent of the annual retainer (as described above) paid to each of our independent directors will be paid in our shares of Common Stock or restricted stock units until such independent director accumulates \$375,000 (and, in the case of Mr. Batkin, \$585,000) in shares of Common Stock or restricted stock units. In addition, such independent directors receive \$1,500 for each committee meeting attended (or \$1,000 if such committee meeting is telephonic). Amounts paid to our independent directors in cash and stock awards for 2015, as set forth in the table below, were based on this policy and elections made by the independent directors as noted below.

2015 Director Compensation. The following table sets forth information about the compensation of each person who served as a director during the 2015 fiscal year, other than our Chief Executive Officer, Mr. Garland, who did not receive separate compensation for his services as a director. Non-employee directors may defer all of the restricted stock unit awards they receive in connection with their service (together with dividend equivalents on such awards) until such time as their service as a director has terminated.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽⁶⁾	Total (\$)
Alan Batkin ⁽¹⁾	33,000	205,371	238,371
Patricia Bellinger ⁽²⁾	66,750	98,738	165,488
The Lord Browne of Madingley ⁽³⁾	—	—	—
Douglas Hall ⁽⁴⁾	44,500	131,642	176,142
Michael Hoffman ⁽³⁾	—	—	—
Patricia Newson ⁽⁵⁾	48,000	131,642	179,642

- (1) In 2015, Mr. Batkin had elected to receive 100% of his annual retainer in the form of deferred restricted stock units. In addition, in 2015, Mr. Batkin accrued 496 deferred restricted stock units (\$11,534) in dividend equivalents.
- (2) In 2015, Ms. Bellinger had elected to receive 75% of her annual retainer in the form of deferred restricted stock units. In addition, in 2015, Ms. Bellinger accrued 239 deferred restricted stock units (\$5,545) in dividend equivalents.
- (3) Although they are non-employee directors, The Lord Browne and Mr. Hoffman did not receive compensation in 2015 for their services as directors because of their status as non-independent under Canadian Securities Administrators recommendations as described in the above section discussing the independence of the board of directors.
- (4) In 2015, Mr. Hall had elected to receive 100% of his annual retainer in the form of deferred restricted stock units. In addition, in 2015, Mr. Hall accrued 318 deferred restricted stock units (\$7,393) in dividend equivalents.
- (5) In 2015, Ms. Newson had elected to receive 100% of her annual retainer in the form of deferred restricted stock units. In addition, in 2015, Ms. Newson accrued 318 deferred restricted stock units (\$7,393) in dividend equivalents.
- (6) This column represents the grant date fair value for stock awards granted to the director in 2015, computed in accordance with Accounting Standards Codification 718, Compensation - Stock Compensation ("FASB ASC Topic No. 718"). For additional information, see Note 16 of the notes to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2015, filed on February 29, 2016, for a discussion of our assumptions in determining the grant date fair values of equity awards. As of December 31, 2015, no non-employee director had any outstanding option awards or unvested stock awards.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information known to us regarding beneficial ownership of our voting securities as of March 31, 2016 by:

- each person known by us to be the beneficial owner of more than 5% of any class of our voting securities;
- each of our directors;
- each of our named executive officers; and
- all executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Except as noted by footnote, and subject to community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them. The table below is based upon information supplied by officers, directors and principal stockholders and Schedules 13G filed with the SEC.

This table lists applicable percentage ownership based on 74,930,970 shares of Common Stock outstanding as of March 31, 2016. Shares issuable upon exercise of options to purchase shares of our Common Stock that are exercisable within 60 days of March 31, 2016 are deemed to be beneficially owned by the persons holding these options for the purpose of computing percentage ownership of that person, but are not treated as outstanding for the purpose of computing any other person's ownership percentage.

Name and Address of Beneficial Owner	Beneficial Ownership Shares of Common Stock	Percent of Total Outstanding Common Stock
5% Stockholders		
Pattern Renewables LP ⁽¹⁾ Pier 1, Bay 3 San Francisco, CA 94111	16,962,546	22.64%
Signature Global Asset Management ⁽²⁾ A Business Unit of CI Investments Inc. 2 Queen Street East, Twentieth Floor Toronto, Ontario, M5C 3G7	6,681,552	8.92%
The Vanguard Group ⁽³⁾ 100 Vanguard Blvd. Malvern, PA 19355	3,999,943	5.34%
Directors and Named Executive Officers		
Alan R. Batkin ^{(4) (15)}	22,609	*
Patricia S. Bellinger ^{(5) (15)}	10,147	*
The Lord Browne of Madingley	—	*
Douglas G. Hall ^{(6) (15)}	12,935	*
Michael B. Hoffman ⁽⁷⁾	—	*
Patricia M. Newson ^{(8) (15)}	9,878	*
Michael M. Garland ⁽⁹⁾	467,832	*
Michael J. Lyon ⁽¹⁰⁾	158,535	*
Hunter H. Armistead ⁽¹¹⁾	206,941	*
Daniel M. Elkort ⁽¹²⁾	109,985	*
Esben W. Pedersen ⁽¹³⁾	164,962	*
All current directors and executive officers as a group (14 persons) ⁽¹⁴⁾	1,339,046	1.79%

* Less than one percent

Pattern Renewables LP is the holder of 2 shares of Common Stock and Pattern Development Finance Company (1)LLC is the holder of 16,962,544 shares of Common Stock. R/C Renewable Energy GP II, LLC is the managing member of

Riverstone/Carlyle Renewable Energy Grant GP, L.L.C., which is the general partner of R/C Wind II LP, which is the managing member of Pattern Energy Group Holdings GP LLC, which is the managing member of Pattern Energy GP, LLC, which is the general partner of Pattern Energy Group LP, which is the sole member of Pattern Renewables GP LLC, which is the general partner of Pattern Renewables LP. Accordingly, each of the foregoing entities may be deemed to share beneficial ownership of the shares held by Pattern Renewables LP. Pattern Energy Group LP is the sole member of Pattern Development Finance Company LLC. As a result, R/C Renewable Energy GP II, LLC, Riverstone/Carlyle Renewable Energy Grant GP, L.L.C., R/C Wind II LP, Pattern Energy Group Holdings GP LLC, Pattern Energy GP, LLC, and Pattern Energy Group LP may be deemed to share beneficial ownership of the shares held by Pattern Development Finance Company LLC. R/C Renewable Energy GP II, LLC is managed by a six-person investment committee. Pierre F. Lapeyre, Jr., David M. Leuschen, Ralph C. Alexander, Michael B. Hoffman, Daniel A. D'Aniello and Edward J. Mathias, as the members of the investment committee of R/C Renewable Energy GP II, LLC, may be deemed to share beneficial ownership of the shares beneficially owned by Pattern Renewables LP. Such individuals expressly disclaim any such beneficial ownership.

(2) Based on the number of shares disclosed in the Schedule 13G filed on February 12, 2016.

(3) Based on the number of shares disclosed in the Schedule 13G filed on February 11, 2016.

(4) Includes 15,000 shares of Common Stock held by a trust of which Mr. Batkin is the trustee and beneficiary. On January 4, 2016, the Company granted 9,326 deferred restricted stock units to Mr. Batkin.

Includes 6,000 shares of Common Stock held by Ms. Bellinger's spouse and 100 shares of Common Stock held by (5) Ms. Bellinger's child. On January 4, 2016, the Company granted 4,484 deferred restricted stock units to Ms. Bellinger.

(6) On January 4, 2016, the Company granted 5,979 deferred restricted stock units to Mr. Hall.

Mr. Hoffman is a member of the investment committee of R/C Renewable Energy GP II, LLC, and such entity may (7) be deemed to share beneficial ownership of the shares beneficially owned by Pattern Renewables LP. The members of such investment committee, including Mr. Hoffman, have expressly disclaimed any such beneficial ownership. See footnote (1).

(8) On January 4, 2016, the Company granted 5,979 deferred restricted stock units to Ms. Newson.

(9) Includes 100,000 shares of Common Stock held by a trust of which Mr. Garland is the trustee and beneficiary. In addition, includes 145,830 shares of Common Stock that Mr. Garland has the right to acquire by exercise of stock options, 4,861 shares of Common Stock issuable upon exercise of options exercisable within 60 days of March 31, 2016, and 161,077 restricted stock awards that are subject to risk of forfeiture.

Includes 30,360 shares of Common Stock that Mr. Lyon has the right to acquire by exercise of stock options and (10) 1,012 shares issuable upon exercise of options exercisable within 60 days of March 31, 2016 and 50,896 restricted stock awards that are subject to risk of forfeiture.

Includes 45,454 shares of Common Stock held by a trust of which Mr. Armistead is the trustee and beneficiary. In (11) addition, includes 50,640 shares of Common Stock that Mr. Armistead has the right to acquire by exercise of stock options and 1,688 shares of Common Stock issuable upon exercise of options exercisable within 60 days of March 31, 2016 and 81,910 restricted stock awards that are subject to risk of forfeiture.

Includes 36,169 shares of Common Stock that Mr. Elkort has the right to acquire by exercise of stock options, (12) 1,350 shares of Common Stock issuable upon exercise of options exercisable within 60 days of March 31, 2016, and 61,804 restricted stock awards that are subject to risk of forfeiture.

Includes 30,360 shares of Common Stock that Mr. Pedersen has the right to acquire by exercise of stock options (13) and 1,012 shares of Common Stock issuable upon exercise of options exercisable within 60 days of March 31, 2016 and 51,113 restricted stock awards that are subject to risk of forfeiture.

Includes 355,729 shares of Common Stock that the Company's officers have the right to acquire by exercise of (14) stock options, 12,353 shares of Common Stock issuable upon exercise of options exercisable within 60 days of March 31, 2016, and 458,074 restricted stock awards that are subject to risk of forfeiture. The number of persons includes both the named executive officers and certain other executive officers listed under "Executive Officers and Executive Compensation - Executive Officers" and their respective beneficial ownership.

(15) Excludes deferred restricted stock units of 17,730 (Mr. Batkin), 8,525 (Ms. Bellinger), 11,366 (Mr. Hall) and 11,366 (Ms. Newson) granted through March 31, 2016.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires our directors, executive officers, and holders of more than 10% of our Common Stock to file reports regarding their ownership and changes in ownership of our securities with the SEC, and to furnish us with copies of all Section 16(a) reports that they file.

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to us and certain written representations provided to us, we believe that during the year ended December 31, 2015, and the period from January 1 to April 21, 2016, our directors, executive officers, and greater than 10% stockholders complied with all applicable Section 16(a) filing requirements, except that a Form 4 was filed on April 22, 2016 for each of Mr. Batkin, Ms. Bellinger, Mr. Hall, and Ms. Newson reflecting the accrual for 2015 quarterly dividend dates of dividend equivalent units on the underlying deferred restricted stock unit awards previously reported.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS POLICIES AND PROCEDURES FOR RELATED PARTY TRANSACTIONS

As provided by our conflicts committee charter adopted in connection with our initial public offering, our conflicts committee is responsible for reviewing and recommending to the board whether to approve in advance any material related party transactions between the Company and Pattern Development or its affiliates. The members of our conflicts committee determine whether to recommend a related party transaction in the exercise of their fiduciary duties as directors. Related party transactions not involving Pattern Development are reviewed by the nominating, governance and compensation committee under its charter.

Our Relationship with Pattern Development

We were incorporated in October 2012 by Pattern Development, a leading developer of renewable energy and transmission projects, to own and operate certain of its power assets with stable long-term cash generation profiles, and began operations a year later, in October 2013. As of April 21, 2016, Pattern Development owns approximately 23% of our outstanding shares of Common Stock. We have established a mutually beneficial working relationship with Pattern Development. We own, acquire and operate projects for which the development risks have been substantially reduced in order to generate stable long-term returns, and we expect that Pattern Development will invest in and deploy its staff to engage in higher-risk project development activities. We are party to a bilateral management services agreement with Pattern Development (the “Management Services Agreement”) that provides for each of us to share with the other on a primarily cost-reimbursement basis our management, other personnel and administrative functions. Certain of our executive officers, including our chief executive officer and director Mr. Garland, act as executive officers of, and maintain an equity interest in, Pattern Development.

As of April 21, 2016, Pattern Development had a 5,900 MW pipeline of development projects, including approximately 1,298 MW of owned capacity identified right of first offer, or “ROFO”, projects, subject to the purchase rights agreement described below.

Our Purchase Rights

To promote our growth strategy we have entered into a purchase rights agreement with Pattern Development and its equity owners that provides us two distinct avenues to grow our business through acquisition opportunities from Pattern Development:

- a right of first offer with respect to any power project that Pattern Development decides to sell, which we refer to as our “Project Purchase Right;” and

- a right of first offer with respect to Pattern Development itself, or substantially all of its assets, if the equity owners of Pattern Development decide to sell any material portion of the equity interests in Pattern Development or substantially all of its assets, which we refer to as our “Pattern Development Purchase Right.”

We refer to this collection of rights as “our Purchase Rights.” Our Project Purchase Right and Pattern Development Purchase Right will terminate together upon the fifth anniversary of the completion of our initial public offering, but are subject to automatic five-year renewals unless either party dissents at the time of renewal. In addition, our Project Purchase Right and Pattern Development Purchase Right terminate together upon the third occasion (within any five-year initial or renewal term) on which we have elected not to exercise our Project Purchase Right with respect to an operational or construction-ready project and following which Pattern Development has sold the project to an unrelated third party.

Any purchase of assets from Pattern Development, or of Pattern Development itself, pursuant to our Purchase Rights will be subject to customary conditions precedent as well as the approval by the board of directors based on the recommendation to approve by the conflicts committee of our board of directors.

Our Project Purchase Right

Pursuant to, and during the term of, our Project Purchase Right, Pattern Development has agreed to offer us a right of first offer with respect to any power project that it decides to sell. Pattern Development is a leading developer of renewable energy and transmission projects. We believe Pattern Development's ownership position in our company incentivizes Pattern Development to support the successful execution of our objectives and business strategy, including through the development of projects to the stage where they are at least construction-ready. Our Project

Purchase Right extends to the sale of all of Pattern Development's projects, including development projects. However, Pattern Development will have the right to terminate our Project Purchase Right (within any five-year initial or renewal term) upon Pattern Development's third sale of an operational or construction-ready project to persons other than affiliates of Pattern Development or us following our third election not to

exercise our Project Purchase Right. Operational or construction-ready projects that Pattern Development chooses to sell will generally include projects that have secured a power sale agreement, real estate rights, required permits, interconnection rights and equipment supply and construction agreements. Under the terms of our Project Purchase Right, once we are notified by Pattern Development that it is seeking a purchaser for one of its projects, we shall either (a) deliver a written offer, or the “First Rights Project Offer,” to Pattern Development to purchase its entire interest in the project setting forth our offer price, or our “Project Offer Price” and other material terms and conditions on which we propose to purchase such project, or the “Project Sale Terms,” or (b) deliver a written notice to Pattern Development that we will not make an offer to purchase Pattern Development’s entire interest in the project. If Pattern Development elects not to accept our First Rights Project Offer, it may sell the project to a third party, provided that it sells the project within nine months of such rejection at a price not less than 105% of our Project Offer Price set forth in the First Rights Project Offer and on terms not materially less favorable than the Project Sale Terms.

The following sets forth summaries of the terms of the purchase and sale agreements for projects that have been entered into with Pattern Development since January 1, 2015:

Acquisition of Pattern Development Retained Gulf Wind Interest

On July 28, 2015, a subsidiary of the Company consummated a Purchase Agreement (the “Gulf PEG LP PSA”) with an affiliate of Pattern Development pursuant to which the Company purchased (the “PEG LP Closing”) from such affiliate of Pattern Development, such entity’s 40% of the Class B units (the “Retained Interest”) in Pattern Gulf Wind Holdings LLC (“Gulf Wind Holdings”), a Delaware limited liability company, which owns 100% of the membership interests in Pattern Gulf Wind LLC, a Delaware limited liability company that owns and operates a 283 MW wind energy project in Kenedy County, Texas. The acquisition of the Retained Interest in Gulf Wind Holdings was for aggregate consideration of \$13 million.

Concurrently with the PEG LP Closing, the Company closed its purchase of the membership interest in the project held by MetLife Capital, Limited Partnership (the “MetLife Closing”) for a cash purchase price of approximately \$72.8 million. As a result of the PEG LP Closing and the MetLife Closing, the Company owns 100% of the membership interests in the Gulf Wind project. The Company prepaid 100% of the outstanding balance of the Gulf Wind project’s term loan shortly after the closings.

K2 Purchase and Sale Agreement

On June 17, 2015, an indirect wholly owned subsidiary of the Company, Pattern Canada Finance Company ULC, a Nova Scotia unlimited liability company (“PCFC”), consummated a Purchase and Sale Agreement (the “K2 PSA”) with Pattern Development. PCFC purchased at the closing (the “K2 Closing”) from affiliates of Pattern Development a one-third limited partnership interest in K2 Wind Ontario Limited Partnership (the “K2 Project Company”), as well as 100% of the issued and outstanding shares in the capital of Pattern K2 GP Holdings Inc. for a consideration of approximately \$128.4 million plus a contingent payment amount subsequently determined to be \$4 million, and assumed estimated proportionate debt at term conversion of approximately \$221.8 million U.S. dollar equivalent. The K2 Project Company has completed construction of the wind project which has achieved commercial operations. The K2 Project Company now operates the approximately 270 MW wind project located in the Township of Ashfield-Colborne Wawanosh, Ontario. As a result of the K2 Closing, PCFC (a) directly owned a one-third limited partnership interest in the K2 Project Company and (b) directly owned 25% of the issued and outstanding shares of K2 Wind Ontario Inc., the general partner, and indirectly held a 0.0025% general partnership interest in the K2 Project Company. Subsequent to the K2 Closing, in February 2016, PCFC’s direct ownership of the issued and outstanding shares of K2 Wind Ontario Inc. reverted to a one-third direct ownership of the issued and outstanding shares of K2 Wind Ontario Inc., and it indirectly held a 0.0033% general partnership interest in the K2 Project Company.

Amazon Wind Farm (Fowler Ridge IV) Purchase and Sale Agreement

On April 29, 2015, the Company entered into a Purchase and Sale Agreement (the “Fowler Ridge IV PSA”) with Pattern Renewables Development Company LLC, a Delaware limited liability company and controlled affiliate of Pattern Development (“Fowler Ridge IV Seller”), and Pattern Development, as guarantor of Fowler Ridge IV Seller’s obligations under the Fowler Ridge IV PSA. Upon the terms and subject to the conditions set forth in the Fowler Ridge IV PSA, a subsidiary of the Company purchased from Fowler Ridge IV Seller 100% of the membership interests in Fowler Ridge IV B Member LLC, a Delaware limited liability company, which owned 100% of the membership interests in

Fowler Ridge IV Holdings LLC, a limited liability company (“Fowler Ridge IV Holdco”), which, in turn, owns 100% of the membership interests in Fowler Ridge IV Wind LLC, a Delaware limited liability company and the project company for the approximately 149.5 MW Amazon Wind Farm Fowler Ridge project located in Benton County, Indiana (the “Fowler Ridge IV Project Company”), for a consideration of approximately \$37.5 million paid upon acquisition. In addition, in December 2015, a contingent payment of \$27.2 million was made upon tax equity funding. As part of the acquisition, the Company assumed an obligation to make equity capital contributions to Fowler Ridge IV Holdco during construction and to make an additional equity capital contribution upon completion of construction.

Construction financing, which closed concurrent with the acquisition, was repaid from the Company's capital contribution and those of the Tax Equity Investors (as defined below). Once Amazon Wind Farm Fowler Ridge achieved commercial operations, the membership interests in Fowler Ridge IV Holdco were, pursuant to agreements separate from the Fowler Ridge IV PSA, restructured into Class A and Class B membership interests. Following the restructuring and capital contributions made by certain tax equity investors (the "Tax Equity Investors"), (1) Fowler Ridge IV B Member LLC holds 100% of the Class B membership interests in Fowler Ridge IV Holdco and (2) the Tax Equity Investors hold 100% of the Class A membership interests in Fowler Ridge IV Holdco. As a result, the Company and the Tax Equity Investors hold initial ownership interests of 65% and 35%, respectively, in the project's initial distributable cash flows.

Each of the purchases of Amazon Wind Farm Fowler Ridge and K2, and the acquisition of Pattern Development's retained Gulf Wind interest, were recommended by the conflicts committee, which is comprised solely of independent directors, for approval by the board of directors, and approved by the board of directors.

Below is a summary of the identified ROFO projects that we expect to acquire from Pattern Development in connection with our Project Purchase Right.

Identified ROFO Projects	Status	Location	Construction Start ⁽¹⁾	Commercial Operations ⁽²⁾	Contract Type	Capacity (MW)	
						Rated ⁽³⁾	Pattern Development-Owned ⁽⁴⁾
Armow	Operational	Ontario	2014	2015	PPA	180	90
Meikle	In construction	British Columbia	2015	2016	PPA	180	180
Conejo Solar	In construction	Chile	2015	2016	PPA	104	84
Belle River	Securing final permits	Ontario	2016	2017	PPA	100	50
Henvey Inlet	Late stage development	Ontario	2016	2017	PPA	300	150
Mont Sainte-Marguerite	Late stage development	Québec	2016	2017	PPA	147	147
North Kent	Late stage development	Ontario	2016	2017	PPA	100	43
Broadview projects	Late stage development	New Mexico	2016	2017	PPA	324	259
Grady	Late stage development	New Mexico	2016	2017	PPA	220	176
Tsugaru	Late stage development	Japan	2016	2018	PPA	126	63
Ohorayama	Late stage development	Japan	2015	2017	PPA	33	31
Kanagi Solar	Operational	Japan	2014	2016	PPA	14	6
Futtsu Solar	Operational	Japan	2014	2016	PPA	42	19
						1,870	1,298

1) Represents date of actual or anticipated commencement of construction.

2) Represents date of actual or anticipated commencement of commercial operations.

Rated capacity represents the maximum electricity generating capacity of a project in MW. As a result of wind and other conditions, a project or a turbine will not operate at its rated capacity at all times and the amount of electricity generated will be less than its rated capacity. The amount of electricity generated may vary based on a variety of factors discussed in our Annual Report on Form 10-K.

Pattern Development-owned capacity represents the maximum, or rated, electricity generating capacity of the project in MW, multiplied by Pattern Development's percentage ownership interest in the distributable cash flow of the project.

Our Pattern Development Purchase Right

We have a right of first offer with respect to Pattern Development itself or substantially all of its assets, if the equity owners of Pattern Development decide to sell a material portion of the equity interests in Pattern Development or substantially all of its assets.

Under the terms of our Pattern Development Purchase Right, the equity owners of Pattern Development will be required to notify us if they intend to sell Pattern Development or substantially all of its assets, and we will be required to either (a) deliver a written offer, or the “First Rights Pattern Development Offer,” to purchase Pattern Development or substantially all of its assets, setting forth our offer price, or our “Pattern Development Offer Price,” and the other material terms and conditions upon which we propose to purchase Pattern Development, or the “Pattern Development Sale Terms,” or (b) deliver a written notice to the equity owners of Pattern Development that we will not make an offer to purchase Pattern Development or substantially all of its assets. If the equity owners of Pattern Development elect not to accept our First Rights Pattern Development Offer, they may sell Pattern Development or substantially all of its assets to another third party, provided that the sale is consummated within nine months of the date of the First Rights Pattern Development Offer, at a price not less than 105% of the Pattern Development Offer Price and otherwise on terms not materially less favorable than the Pattern Development Sale Terms.

Non-Competition Agreement

Pursuant to a Non-Competition Agreement entered into in October 2013 between Pattern Development and us, Pattern Development has agreed that, for so long as any of our Purchase Rights are exercisable, it will not compete with us for acquisitions of power generation or transmission projects from third parties. Pattern Development will notify us of opportunities to acquire power generation or transmission projects that it wishes to pursue, and, should we be interested in acquiring all or a portion of such projects, we will have the right to direct Pattern Development to forego such opportunities and to cause employees of Pattern Development to assist us in connection with pursuing such acquisition as a result of the Management Services Agreement (as discussed below). We may also elect to collaborate with Pattern Development to jointly pursue acquisition opportunities from time to time. Riverstone is not subject to the Non-Competition Agreement.

Management Services Agreement and Shared Management

Our project operations personnel and executive officers are solely compensated by us. These executives lead our business functions and rely on support from Pattern Development employees for certain professional, technical and administrative functions. Pattern Development employs those employees whose primary responsibilities relate to project development, construction or legal, financial or other administrative functions. On October 2, 2013, we entered into a Management Services Agreement with Pattern Development which provides for us and Pattern Development to benefit, primarily on a cost-reimbursement basis, from our respective management and other professional, technical and administrative personnel, all of whom ultimately report to and are managed by our executive officers. In the event that Pattern Development is, or substantially all of its assets are, acquired by an unrelated third party, we will have the unilateral right to terminate the Management Services Agreement.

Each of our executive officers, including our chief executive officer, is a “shared PEG executive” and devotes time to both our company and Pattern Development as is needed to conduct the respective businesses. As a result, these shared PEG executives have fiduciary and other duties to Pattern Development. Under the terms of the Management Services Agreement, Pattern Development is required to reimburse us for an allocation of the compensation paid to such shared PEG executives reflecting the percentage of time spent providing services to Pattern Development. Under this arrangement we utilize employees from several of Pattern Development’s departments, including accounting and tax, construction and engineering, corporate legal, corporate support, finance and analysis, human resources, information technology support and project development. We have agreed to make our personnel available to Pattern Development to the extent required for Pattern Development’s development and construction activities.

The Management Services Agreement entitles us to acquire from Pattern Development any assets reasonably necessary for the administration of our business, such as computer hardware, software and data back-up infrastructure, and Pattern Development will be required to reimburse us for an allocation of the costs paid by us for its share of costs going forward to the extent these assets are subsequently used in the administration of Pattern Development's business.

Transfer of Pattern Development Employees and Integration with Pattern Development

The Management Services Agreement originally provided that upon the completion of the first 20 consecutive trading day period during which our total market capitalization is no less than \$2.5 billion, the employees of Pattern Development will become our employees. We refer to this event as the employee transfer. However, in July 2015, we amended our Management Services Agreement with Pattern Development to change the terms of the employee transfer, and the employee transfer is no longer conditioned upon our achievement of \$2.5 billion in market capitalization. Instead, we have the option, exercisable at any time until January 1, 2017, to require the employee transfer to occur. We will not be required to make any payments to Pattern Development upon the occurrence of the employee transfer, other than the payment of any statutory severance payments that may as a result be due and payable to employees in certain jurisdictions outside the United States. The employee transfer will result in our complete internalization of the administrative, technical and other services that were initially provided to us by Pattern Development under the Management Services Agreement. The occurrence of the employee transfer will not alter our Purchase Rights or the terms of the Management Services Agreement. The amendment to the Management Services Agreement was recommended by the conflicts committee, which is comprised solely of independent directors, for approval by the board of directors, and approved by the board of directors.

Following the employee transfer, we will continue to provide management and other services to Pattern Development (including services from the reintegrated departments of Pattern Development) to the extent required by Pattern Development's remaining development activities, and Pattern Development will continue to pay us for those services primarily on a cost reimbursement basis.

Our future net operating results should not be materially affected by the employee transfer, should it occur, as the consequential increase in general and administrative expense should be substantially or entirely offset by a reduction in related party general and administrative expense and an increase in related party other income. If the employee transfer should occur, there can be no assurance that Pattern Development's business activity will remain constant, decrease or increase. Separately, we and the equity owners of Pattern Development have begun discussions regarding a potential investment by us in a portion of the business of Pattern Development. There can be no assurance that any such transaction would in fact occur and at this time, the timing, structure, value and funding of any such transaction, should it occur, is uncertain.

Assignment and Assumption of San Francisco Office Lease

Effective January 1, 2016, Pattern Development assigned to us all of Pattern Development's rights, title, and interest under that certain Office Lease, dated as of September 9, 2009, between AMB Pier One, LLC (the "Landlord") and Pattern Development (the "Existing Office Lease") with respect to approximately 27,502 square feet of office space at Pier 1, Bay 3, San Francisco, California 94111 (the "Lease Assignment"). The Landlord consented to such Lease Assignment on January 25, 2016. As a result of the Lease Assignment, the Company assumed remaining rental commitments under the Existing Office Lease of approximately \$1.6 million plus certain annual operating expense reimbursements and customary security deposits. Pursuant to the Management Services Agreement (as amended), the costs of the shared office space have been, and will continue to be, allocated on a cost reimbursement basis between us and Pattern Development. Such lease assignment was recommended by the conflicts committee, which is comprised solely of independent directors, for approval by the board of directors, and approved by the board of directors.

Registration Rights Agreement

In connection with the issuance of our equity securities to Pattern Development in connection with the contribution transactions at the time of our initial public offering, we entered into a registration rights agreement with Pattern Development ("Registration Rights Agreement") for the registration and sale of shares of Common Stock held by Pattern Development under the U.S. Securities Act of 1933, as amended (the "Securities Act") and/or the qualification for distribution of such shares of Common Stock under the securities laws of the provinces and territories of Canada.

Indemnification Agreements

We have entered into an indemnification agreement with each of our directors and executive officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and executive officers to the fullest extent permitted by Delaware law.

EXECUTIVE OFFICERS AND EXECUTIVE COMPENSATION

Executive Officers

The following table provides certain information regarding our executive officers who are not also directors. All of our officers serve at the discretion of our board of directors. The ages of our executive officers set forth below are as of December 31, 2015.

Name	Age	Position(s) Held
Michael J. Lyon	57	Chief Financial Officer
Hunter H. Armistead	47	Executive Vice President, Business Development
Daniel M. Elkort	58	Executive Vice President and General Counsel
Esben W. Pedersen	43	Chief Investment Officer
Eric S. Lillybeck	62	Senior Vice President, Fiscal and Administrative Services
Dean S. Russell	65	Senior Vice President, Engineering and Construction
Christopher M. Shugart	44	Senior Vice President, Operations

Michael J. Lyon

Mr. Lyon has served as our Chief Financial Officer since October 2012. Prior to joining our company, Mr. Lyon served as Head of Structured Finance of Pattern Development since May 2010. Prior to joining Pattern Development, Mr. Lyon independently managed a portfolio of investment assets from 2003 to 2010. He was a principal of Babcock & Brown from 1989 to 2003, where he advised clients on, and structured and placed debt and equity in, the independent power industry. He is a former Certified Public Accountant.

Hunter H. Armistead

Mr. Armistead has served as our Executive Vice President, Business Development since August 2013. Prior to joining our company, Mr. Armistead served as Executive Director of Pattern Development since June 2009. Prior to joining Pattern Development, from 2000 to 2009, Mr. Armistead managed Babcock & Brown's renewable energy group in North America, focusing on the origination, strategic evaluation and consummation of opportunities in the renewable energy sector.

Daniel M. Elkort

Mr. Elkort has served as our Executive Vice President and General Counsel since August 2013, and is our Chief Compliance Officer. Prior to joining our company, Mr. Elkort served as Director of Legal Services and Co-Head of Finance of Pattern Development since June 2009. Prior to joining Pattern Development, from 1996 to 2009, Mr. Elkort was responsible for managing the various project financings of Babcock & Brown's North American renewable energy projects and served as the senior legal officer in Babcock & Brown's North American Infrastructure Group.

Esben W. Pedersen

Mr. Pedersen has served as our Chief Investment Officer since August 2013. Prior to joining our company, Mr. Pedersen served as Co-Head of Finance of Pattern Development since June 2009. Prior to joining Pattern Development, Mr. Pedersen was employed by Babcock & Brown from 2007 to 2009, where he focused on the origination and execution of investments in the energy sector. He is a Chartered Financial Analyst.

Eric S. Lillybeck

Mr. Lillybeck has served as our Senior Vice President, Fiscal and Administrative Services since October 2012. Prior to joining our company, Mr. Lillybeck served as Director of Fiscal and Administrative Services of Pattern Development since June 2009. Prior to joining Pattern Development, Mr. Lillybeck was employed by Babcock & Brown from 2002 to 2009, where he led accounting and financial reporting for Babcock & Brown's North American Infrastructure Group.

Dean S. Russell

Mr. Russell has served as our Senior Vice President, Engineering and Construction since August 2013. Prior to joining our company, Mr. Russell served as Director of Engineering and Construction of Pattern Development since June 2009. Prior to

joining Pattern Development, Mr. Russell was employed by Babcock & Brown from 2002 to 2009, where he was responsible for managing the design and construction of Babcock & Brown's North American wind power projects.

Christopher M. Shugart

Mr. Shugart has served as our Senior Vice President, Operations since August 2013. Prior to joining our company, Mr. Shugart was employed by Pattern Development beginning in 2009 where he was Director of Asset Operations and Maintenance. Prior to joining Pattern Development, Mr. Shugart was employed by Babcock & Brown from 2006 to 2009, where he focused on the development and management of transmission, wind and natural gas-fired power facilities.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

This compensation discussion and analysis describes our executive compensation programs. It provides information about the goals and the key elements of the program and explains the reasons behind the executive compensation decisions of the nominating, governance and compensation committee (the “NGC Committee”).

Our focus in this compensation discussion and analysis is the fiscal 2015 compensation of the following persons who are the "named executive officers" of the Company.

Name	Title
Michael M. Garland	President and Chief Executive Officer
Michael J. Lyon	Chief Financial Officer
Hunter H. Armistead	Executive Vice President, Business Development
Daniel M. Elkort	Executive Vice President and General Counsel
Esben W. Pedersen	Chief Investment Officer

Executive Compensation Philosophy

The primary objectives of our executive compensation program are to:

Attract and retain talented executives capable of producing outstanding business results for the Company;

Motivate and reward executives to achieve short and long-term financial and operational goals that drive shareholder value creation;

Provide strong pay-performance linkage and a wide range of incentive compensation outcomes to ensure alignment between cost of executive compensation and the Company’s performance; and

Implement policies and practices that are mindful of the concerns of our shareholders and good governance practices.

Furthermore, the design of the executive compensation programs should:

Emphasize variable compensation over fixed compensation;

Reflect the entrepreneurial nature of the Company;

Take into account both internal and external perspectives of pay and performance; and

Incorporate quantitative pay determination aspects but also provide limited room for judgment by the NGC Committee.

Fiscal 2015 Business Performance Highlights

The following are highlights of the Company’s performance for fiscal 2015. The comparisons made are between fiscal 2015 and fiscal 2014 results.

Cash available for distribution was \$92.4 million, up 49%;

Adjusted EBITDA was \$250.5 million, up 26%;

Proportional GWh sold was 5,137 GWh, up 74%;

Revenue was \$329.8 million, up 24%;

The Company paid aggregate dividends in 2015 of \$1.429 per share of Common Stock to persons who were holders of record during 2015; and

The Company expanded its portfolio to 2,282 MW in owned capacity and 16 wind projects at the end of fiscal 2015, compared to 1,636 MW in owned capacity and 12 wind projects at the end of fiscal 2014.

A reconciliation of GAAP to non-GAAP financial measures is provided in Exhibit A to this Proxy Statement.

Fiscal 2015 Executive Compensation Highlights

Consistent with our performance and philosophy for performance-based compensation, highlights in our compensation for named executive officers in 2015 included the following:

Salary and target total direct compensation ("TDC") (which is salary plus incentive compensation) each increased by approximately 2.5% overall for our named executive officers as a group, reflecting the Company's goal of managing both fixed pay and compensation expenses, respectively;

Actual total incentive compensation for our named executive officers for 2015 performance decreased between 7.8% to 17.6% from 2014 levels. Overall 2015 business performance was strong as described under "Fiscal 2015 Business Performance Highlights" above and we achieved target or above par performance on all but one of the key performance indicators ("KPIs," and each a "KPI"), but it was not as strong as 2014 business performance. Lower total incentive compensation was principally driven by application of lower multiples used in the computation of TDC for the named executive officers in 2015 compared to 2014. Lower TDC multiples in 2015 were generally driven by (i) below par performance on the "CAFD growth" KPI compared to at par performance in 2014, and partially offset by at par performance on the "Safety" KPI in 2015 compared to a below par performance in 2014, and (ii) a ranking in 2015 of 7th out of 13 companies when compared to the peer group compared to a ranking in 2014 of 5th out of the same 13 companies. See further discussion below under "- Elements of Compensation - Determination of Total Incentive Compensation Based on Fiscal 2015 Performance." Performance on other KPIs, including "Return on Equity Employed," "Other Corporate Growth," and "Individual Performance Rating," were similar between 2014 and 2015;

Other key features of the 2015 compensation for the named executive officers remained consistent with 2014 compensation, including:

The significantly higher percentage allocation of total incentive compensation to long term incentive award (75% for the chief executive officer and 65% for the other named executive officers) than to an annual cash incentive award (25% for the chief executive officer and 35% for the other named executive officers); and

In line with a performance-based compensation philosophy, having half of the long term incentive award vest at the end of three years based on relative total shareholder return ("TSR") performance measured against the peer group;

We continued our practice of generally not providing perquisites to our named executive officers;

There have been no increases to executive benefits to our named executive officers, who largely participate in the same programs as provided to other employees; and

In addition, in February 2015, an executive common stock ownership policy was adopted. See "- Key Executive Compensation and Governance Policies and Practices - Executive Common Stock Ownership Policy."

Key Compensation and Governance Policies

The Committee continually reviews the Company's executive compensation program to maintain compensation and governance practices that are in the best interests of our shareholders.

What we do:

- We deliver a significant portion of each named executive officer's compensation in variable pay tied to objective performance criteria set forth in the KPIs;

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We foster a highly performance-oriented and entrepreneurial culture by maintaining base salary levels that are generally below the median of our benchmarks while providing competitive total compensation opportunities through our formulaic, and performance-based, incentive plan;

We tie pay to performance using a combination of internal (company financial and operational goals) and external (relative TSR) goals in our incentive plan;

We focus on the long-term success of our organization by delivering the majority of our incentive compensation in the form of equity awards with 3-year vesting, with 50% of the equity awards to be earned based on forward-looking relative TSR performance;

We maintain an executive common stock ownership policy;

In the event of a change in control, our equity incentive plan does not provide for accelerated vesting of equity awards unless the successor corporation fails to assume or substitute for an award upon the change in control; and

The NGC Committee has retained a compensation consultant, Frederic W. Cook Co. ("Cook & Co."), who reports directly to the NGC Committee. Mercer Consulting (US) Inc. ("Mercer") also has provided compensation advice to the Company. The independence of each such advisor has been analyzed under the independence factors specified in the applicable requirements of the Nasdaq listing standard.

What we don't do:

We do not permit the repricing of stock options without shareholder approval;

We do not provide perquisites or supplemental retirement plans to our named executive officers;

We do not permit hedging or pledging in Company stock;

We do not provide single-trigger change of control provisions in our employment agreements with our named executive officers; and

We do not provide excise tax gross up payments in our employment agreements or equity plan.

Process for Determination of Executive Compensation

Use of Peer Group

The NGC Committee regularly reviews the Company's executive compensation program against the programs of peer group companies. The Company seeks to confirm that each of its compensation elements, its compensation structure, and the compensation opportunities provided under the program, are appropriate for the Company in light of its business stage, culture, performance and strategy. The NGC Committee specifically uses peer group compensation benchmark data in assessing the reasonableness of base salaries and in determining target TDC opportunities for each named executive officer. See the description in "Base Salary" and "Incentive Compensation" below for more details.

In addition, the NGC Committee uses the peer group to determine the Company's relative TSR performance.

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At the end of the fiscal year, historical relative TSR performance is used as one factor in determining each named executive officer's TDC for the year. This is discussed in more detail below under “- Elements of Compensation - Incentive Compensation.”

Future relative TSR performance is used to determine the vesting of a portion of each named executive officer's long-term incentive award. This is described in more detail below, under “- Elements of Compensation - Incentive Compensation - 2016 Long-Term Incentive Award Grants Based on Fiscal 2015 Performance.”

Peer group companies are selected using the following criteria:

Market. Publicly traded on a major US or Canadian exchange;

Industry. Power producers and/or energy industry companies;

Size. Revenue and market capitalization generally ranging between one-third and three times Pattern Energy (companies outside the range may be included if they are particularly strong comparators based on the other criteria); and

Business model. High dividend yield companies, master limited partnership and yieldco companies where possible.

The NGC Committee acted on the recommendation of Mercer and the Company's management to select the Company's peer group for fiscal 2014 which consists of the twelve companies listed below. The NGC Committee used the same peer group for fiscal 2015.

Algonquin Power & Utilities Corp	Innergex Renewables Energy Inc.
Atlantic Power Corp	Legacy Reserves LP
Boralex Inc	Natural Resource Partners LP
BreitBurn Energy Partners LP	Niska Gas Storage Partners LLC
Capital Power Corp	Northland Power Inc.
Capstone Infrastructure Corp	Vanguard Natural Resources LLC

Role of the NGC Committee, Management, and our Compensation Advisors

The process of our NGC Committee in determining executive compensation, and the role of the chief executive officer, in such process is described above under “Board of Directors and Corporate Governance - Corporate Governance and Board Matters - Information Regarding the Board of Directors and Its Committees - Nominating, Governance and Compensation Committee.”

Mercer was previously engaged by the Company to collaborate with management and provide specific recommendations to the NGC Committee regarding the executive compensation peer group and the incentive compensation program design, and to provide the NGC Committee with peer group compensation benchmark data. The peer group compensation benchmark data was initially prepared to establish target TDC for fiscal 2014 executive compensation and was updated in 2015 using an aging factor for use in establishing target TDC for fiscal 2015 executive compensation.

Cook & Co. was also previously engaged by the NGC Committee to provide a second review and serve as an objective, third party counsel on the reasonableness of amount and form of executive compensation levels and compensation program structure.

The NGC Committee considered whether any conflicts of interest were created by its retention of either Mercer or Cook & Co. taking into account various factors, and concluded that no conflicts of interest existed with respect to either Mercer or Cook & Co.

Elements of Compensation

The table below identifies the principal elements of our fiscal 2015 executive compensation program, and the subsequent narrative provides a fuller description of each element.

Compensation Element	Form of Compensation	Brief Description
Base Salary	Cash	Minimum guaranteed compensation to reward individual performance and contributions
Annual incentive compensation	Cash	Incentivize and reward company and individual performance goals Promote long-term company performance and stock ownership to align executive interests with shareholders
Incentive Compensation	Long-term incentive compensation Equity	Ensure that named executive officer total compensation reflects Company performance, is appropriately positioned relative to peers and supports the entrepreneurial nature of the Company Restricted stock awards with 3-year vesting -50% service-based vesting -50% based on relative total shareholder return
Retirement Benefits	401(k) plan	Eligibility to participate in and receive Company contributions to our 401(k) plan (available to all employees)

Base Salary

The Company provides base salaries as a guaranteed minimum amount of compensation in consideration of day-to-day performance. Base salaries are designed to reward individual performance and contributions consistent with an executive officer's position and responsibilities. The NGC Committee annually reviews the base salaries of the named executive officers, and may adjust base salaries, typically at the beginning of a fiscal year, based upon consideration of:

The executive's current salary;

The executive's performance and contributions during the past fiscal year;

The executive's qualifications and responsibilities;

The executive's tenure with the Company and the position held by the executive;

The Company-wide cost-of-living and merit pool increase in the base salaries for all employees;

Competitive salary considerations relative to similar positions at other companies competing for talent in the Company's employment market, including the Company's peer group companies;

The overall economic environment within which we operate; and

The recommendation of the chief executive officer, in the case of all named executive officers other than himself.

Based on consideration of these factors, and consistent with the overall cost-of-living and merit increase budget of the Company, the NGC Committee approved a 2.5% increase in base salary for each named executive officers in fiscal 2015:

Named Executive Officer	Fiscal	Fiscal
	2015	2014
	Base	Base
	Salary	Salary
Michael M. Garland	\$420,250	\$410,000
Michael J. Lyon	\$242,300	\$236,391
Hunter H. Armistead	\$341,453	\$333,125
Daniel M. Elkort	\$304,681	\$297,250
Esben W. Pedersen	\$242,984	\$237,057

In alignment with the compensation philosophy and the Company's emphasis on the link between pay and performance, base salaries are a less significant percentage of TDC compared to the Company's variable performance-based compensation. Mercer's executive compensation assessment conducted in 2014 confirmed that the named executive officer base salaries were all below median of the peer group. While a similar benchmark assessment was not performed in 2015, it is believed that such salaries remain below median of the peer group given the small 2.5% increase from 2014.

Incentive Compensation

The NGC Committee seeks to align the Company's cash and equity based incentive programs provided as a part of named executive officer incentive compensation with the Company's overall executive compensation philosophy discussed above under "- Executive Summary - Executive Compensation Philosophy" and with the Company's performance. The details of these programs, which were utilized in determining payouts for 2015, are described below.

Overview of the Incentive Compensation Plan Design and Award Determination Process

Under the design, cash and equity award levels are determined as follows:

Step 1. Prior to or at the start of the fiscal year, the NGC Committee determines a target TDC value (which includes salary plus incentive compensation) for each named executive officer taking into account the Company compensation philosophy and peer group compensation data. The NGC Committee also sets incentive plan goals or KPIs against which performance will be measured at the end of the fiscal year. KPIs incorporate Company financial and operational performance goals and individual performance goals (collectively, the "Corporate KPIs") and the Company's relative TSR performance over the year (the "TSR KPI").

Step 2. At the end of the fiscal year, performance is assessed against the Corporate KPIs into one of three levels of performance ("below par," "at par," or "above par") for each Corporate KPI separately. Each level of performance has a corresponding multiple range. This is used to formulaically calculate a performance multiple range to be applied to each named executive officer's target TDC.

Step 3. Once the performance multiple range is determined in Step 2 for each Corporate KPI separately, the exact point within the range to be applied to target TDC is determined based on the TSR KPI performance. For example, relative TSR that exceeds all of the peers results in a performance multiple that is the highest point in the range. Conversely, relative TSR that is below all of the peers results in a performance multiple that is at the lowest point in

the range. Relative TSR performance that is at the median, results in a performance multiple that is at the midpoint of the performance range. If the Company's Corporate KPIs are below threshold and the Company's relative TSR is less than all of the peer group companies, there is no funding of incentive compensation.

Step 4. Base salary is subtracted from each named executive officer's TDC as determined above to determine total incentive compensation award values.

Step 5. Total incentive compensation award values are allocated between annual cash incentives (paid in the first quarter following fiscal year end) and long-term incentives (granted in the first quarter following fiscal year end). Allocations are determined using a sliding scale within a pre-determined range, with the weighting of long-term incentives increasing (and the weighting of annual cash incentives correspondingly decreasing) as actual TDC increases relative to target TDC. The NGC Committee has the discretion to determine the types of long-term

incentive awards that will be granted each year and the vesting conditions for each award.

The NGC Committee retains the right to use its discretion, if appropriate, to adjust the calculated TDC values to take into account individual or corporate performance factors not otherwise captured in the process described above. The NGC Committee has not exercised this right to date.

Fiscal 2015 Target TDC and TDC Ranges by Named Executive Officer

The target TDC value for each named executive officer is determined by the NGC Committee to be competitively positioned relative to peer group median. The TDC ranges are designed to allow for variation in competitive positioning based on actual Company and individual performance. For fiscal 2015, the NGC Committee approved the following TDC ranges and incentive compensation allocation ranges for the named executive officers:

Named Executive Officer	Fiscal 2015 Target TDC	TDC Ranges Based on Performance of Corporate and Relative TSR KPIs Expressed as a Multiple of Target TDC ⁽¹⁾			Incentive Compensation Allocation Ranges Expressed as a Percent of Total Incentive Compensation	
		Performance Below Par on Corporate KPIs	Performance At Par on Corporate KPIs	Performance Above Par on Corporate KPIs	Annual Cash Incentive Weighting	Long-Term Incentive Weighting
Michael M. Garland	\$1,891,000	0.22x - 0.67x	0.89x - 1.11x	1.33x - 3.33x	20% - 40%	60% - 80%
Michael J. Lyon	\$786,000	0.31x - 0.69x	0.85x - 1.15x	1.31x - 3.0x	30% - 50%	50% - 70%
Hunter H. Armistead	\$1,280,000	0.27x - 0.73x	0.87x - 1.13x	1.27x - 2.73x	30% - 50%	50% - 70%
Daniel M. Elkort	\$989,000	0.31x - 0.69x	0.85x - 1.15x	1.31x - 3.0x	30% - 50%	50% - 70%
Esben W. Pedersen	\$790,000	0.31x - 0.69x	0.85x - 1.15x	1.31x - 3.0x	30% - 50%	50% - 70%

(1) For lowest performance and lowest TSR, the lowest level of TDC for each of the named executive officers would equal their base salary, implying the potential of zero additional payouts over base salary.

It is important to note that at-par performance on our Corporate KPIs results in a 1x multiple (i.e., target) in our incentive structure if our relative TSR is at the median for our peer group (i.e., "at par" for the TSR KPI). A multiple above 1x is only achievable at par performance for the Corporate KPIs if performance exceeds target (i.e., median) on the TSR KPI. Similarly, our multiple can be below 1x at par performance for the Corporate KPIs if the TSR KPI is below target (i.e., median).

Fiscal 2015 Incentive Compensation Plan KPIs

For fiscal 2015, the NGC Committee approved KPIs related to the following Company and individual performance metrics:

Corporate KPIs	Definition	Rationale For Inclusion
Cash Available for Distribution (“CAFD”) Growth	Cash available for distribution per share CAGR since 2014(1)(2)	CAFD growth is the Company’s principal financial target
Return on Equity Employed	2015 cash available for distribution divided by total equity before noncontrolling interest as of the beginning of the year	Return on equity employed provides an indication of management’s effectiveness in deploying capital
Other Corporate Growth	Megawatts (“MWs”) added in new construction of new PPAs (or equivalent)	Other corporate growth provides the foundation for achieving future growth
Safety	OSHA Total Recordable Incident Rate (“TRIR”)	Safety for the Company’s workforce is a top priority
Individual Performance Rating	Performance rating	Meeting organizational objectives requires outstanding performance by individuals
TSR KPI		
Relative TSR	Ranking of the Company's TSR for the fiscal year compared to the peer group	Relative TSR is an indicator of management's creation of shareholder value

(1) The Company defines cash available for distribution as net cash provided by operating activities as adjusted for certain other cash flow items that it associates with its operations. It is a non-U.S. GAAP measure of the Company’s ability to generate cash to service its dividends. Cash available for distribution represents cash provided by operating activities as adjusted to (i) add or subtract changes in operating assets and liabilities, (ii) subtract net deposits into restricted cash accounts, which are required pursuant to the cash reserve requirements of financing agreements, to the extent they are paid from operating cash flows during a period, (iii) subtract cash distributions paid to noncontrolling interests, (iv) subtract scheduled project-level debt repayments in accordance with the related loan amortization schedule, to the extent they are paid from operating cash flows during a period, (v) subtract non-expansionary capital expenditures, to the extent they are paid from operating cash flows during a period, (vi) add cash distributions received from unconsolidated investments, to the extent such distributions were derived from operating cash flows and (vii) add or subtract other items as necessary to present the cash flows the Company deems representative of its core business operations.

The most directly comparable U.S. GAAP measure to cash available for distribution is net cash provided by operating activities.

(2) The Company’s Corporate KPI for CAFD growth is determined by reference to its compound annual growth rate for cash available for distribution per share for the three years following 2014.

The following table shows the weighting and performance targets for each fiscal 2015 Corporate KPI:

Corporate KPI	Weight	Level of Performance			
		Below Threshold	Below Par	Par	Above Par
CAFD Growth	25%	<0%	<10%	10-12%	>12%
Return on Equity Employed	20%	<0%	<12%	12-15%	>15%
Other Corporate Growth - MWs added	30%	—	<225 owned MW	225-300 owned MW	>300 owned MW
Safety (TRIR)	5%	>4.0	> 3.0 (TRIR) and CEO judgment	2-3 (TRIR) and CEO judgment	< 2.0 (TRIR) and CEO judgment
Individual Performance Ratings	20%	1	1.1-2.4	2.4-3.5	3.5-5

Performance goals were established and reviewed by the NGC Committee and board during fiscal 2015 at a time when performance relative to those goals remained substantially uncertain.

Determination of Total Incentive Compensation Based on Fiscal 2015 Performance

The following table summarizes the achievement of fiscal 2015 Corporate KPIs:

Corporate KPI	Weight	Performance Achievement	Performance Relative to Par
CAFD Growth	25%	5%	Below par
Return on Equity Employed	20%	Approx. 14%	At par
Other Corporate Growth - MWs added	30%	832 MW PPA & 492 MW Construction	Above par
Safety (TRIR)	5%	2.3	At par
Individual Performance Ratings	20%	Varies by NEO In range 2.4 - 3.5	At par for each NEO

Based on the TSRs of the companies in its peer group, the Company ranked seventh out of thirteen companies for the year ended December 31, 2015. This results in TDC multiples that are at the midpoint of the ranges specified for each Corporate KPI in the compensation calculations, or 50% below the top of the ranges.

Based on the level of performance achieved for each Corporate KPI (including individual performance), the application of the weightings for each Corporate KPI, and the Company's relative TSR performance to its peer group, the NGC Committee approved the following total incentive compensation values for the named executive officers:

Named Executive Officer	Fiscal 2015 Base Salary	Fiscal 2015 Target TDC	NGC Committee Approved		
			Actual TDC Multiple of Target ⁽¹⁾	TDC Value	Total Incentive Compensation ⁽²⁾
Michael M. Garland	\$420,250	\$1,891,000	1.26x	\$2,385,000	\$1,965,000
Michael J. Lyon	\$242,300	\$786,000	1.22x	\$960,000	\$718,000
Hunter H. Armistead	\$341,453	\$1,280,000	1.18x	\$1,504,000	\$1,163,000
Daniel M. Elkort	\$304,681	\$989,000	1.22x	\$1,208,000	\$903,000
Esben W. Pedersen	\$242,984	\$790,000	1.22x	\$964,000	\$721,000

The TDC multiples of target for all named executive officers, including for the chief executive officer, resulted from application of the same formula to each officer, although each named executive officer has his own set of ranges of multiples for the Corporate KPIs. See table above under "- Fiscal 2015 Target TDC and TDC Ranges by Named Executive Officer," and note the starting range for multiples of the chief executive officer are higher.
 (1) This is calculated by subtracting base salary from the TDC value.

Allocation of Fiscal 2015 Total Incentive Compensation between Annual and Long-Term Incentive Awards

Utilizing a sliding scale within a pre-determined range discussed above under "- Incentive Compensation - Overview of Incentive Compensation Plan Design and Award Determination Process - Step 5," approximately 25% of the chief executive officer's total incentive compensation and 35% of other named executive officers' total incentive compensation were allocated to the annual cash incentive, and the balances were allocated to long-term incentive awards as set forth in the table below. Under the Company's plan, the weighting of long-term incentives increases (and the weighting of annual cash incentives correspondingly decreases) as actual TDC increases relative to target TDC. As a result, for 2015, the indicated percentage representing the weighting to annual cash incentive is in the lower half of the pre-determined range, and the weighting to equity is higher, because the actual 2015 TDC for the NEOs is above the targeted TDC.

Named Executive Officer	Total Incentive Award Value	Annual Cash Incentive Award		Long-Term Incentive Award ⁽¹⁾	
		% Allocation	\$ Value	% Allocation	\$ Value
Michael M. Garland	\$1,965,000	25%	\$491,000	75%	\$1,474,000
Michael J. Lyon	\$718,000	35%	\$251,000	65%	\$467,000
Hunter H. Armistead	\$1,163,000	35%	\$407,000	65%	\$756,000
Daniel M. Elkort	\$903,000	35%	\$316,000	65%	\$587,000
Esben W. Pedersen	\$721,000	35%	\$252,000	65%	\$469,000

The long-term incentive award was made in the form of service-based and performance-based restricted stock awards. Half of the award will vest ratably based on continued service over a three-year period and half will vest at the end of three years based on relative TSR measured against the peer group. See "- 2016 Long-Term Incentive Award Grants Based on Fiscal 2015 Performance."

2016 Long-Term Incentive Award Grants Based on Fiscal 2015 Performance

As indicated in the footnote above, the long-term incentive award was made in the form of service-based and performance-based restricted stock awards. Half of the award will vest ratably based on continued service over a three-year period and half will vest at the end of three years based on relative TSR measured against the peer group. Relative TSR was chosen as the long-term performance metric to provide additional alignment between shareholder interests and named executive officer compensation. Performance-based restricted stock awards will be earned as follows:

Relative TSR Performance vs Peer Group	Shares Vesting as % of Target Number of Shares Granted
Below 25th percentile	None
25th percentile	50%
50th percentile	100%
75th percentile or above	150%

Interpolation on a straight line method if between specified percentiles.

Relative TSR is calculated over three years.

The restricted stock awards (service-based and performance-based) were granted on March 15, 2016 and, therefore, will be disclosed in the summary compensation table for 2016.

Retirement Benefits

The Company sponsors a 401(k) plan for all of its employees in which the named executive officers participate.

Perquisites

The Company does not provide perquisites to its named executive officers. However, in 2014 the Company made certain tax gross up payments to each of Messrs. Lyon and Pedersen for tax consequences borne by each in connection with divestiture of certain interests in Pattern Development held by each at the time of the initial public offering. These were one-time payments specific to that transaction.

Employment Agreements

In anticipation of our October 2013 initial public offering, our board of directors approved new employment agreements for our named executive officers, which are described below under “Executive Compensation - Employment and Severance Agreements.” These include severance payments upon a termination by us without cause, by the named executive officer for good reason, or due to a non-extension of the agreement at our election.

We do not provide excise tax gross-ups or enhanced severance for terminations in connection with a change in control.

Key Executive Compensation and Governance Policies and Practices

The NGC Committee continually reviews the Company’s executive compensation program to maintain compensation and governance practices that are in the best interests of our shareholders. The following are compensation and governance policies and practices that have been implemented for the Company’s named executive officers.

Executive Common Stock Ownership Policy

Because we believe that certain executives should own and hold equity interests in the Company to further align their interests and actions with the interests of our stockholders, management has adopted a policy regarding minimum executive ownership of the Company's shares.

Under the policy, the chief executive officer has a target Common Stock holding of 5x base salary; each of the executive vice presidents, chief financial officer, and chief investment officer have a target holding of 3x base salary; and each of the senior vice presidents have a target holding of 2x base salary. Each target is expected to be attained within 5 years of initial employment by the Company or promotion to the referenced executive position through retention of stock awards received under the Company's 2013 Equity Incentive Award Plan (the "Equity Plan"). The nominating, governance and compensation

committee will evaluate the chief executive officer's compliance with the target and the chief executive officer will evaluate the other officers' compliance with their targets, including both periodic assessment of progress toward the targets and consideration of hardship requests for full or partial waiver of individual targets. For purposes of the policy, holdings include (i) stock beneficially owned in a trust, by a spouse, and/or minor children and (ii) restricted stock awards and restricted stock units (both vested and unvested), but do not include stock options, whether vested or unvested.

Anti-Hedging and Anti-Pledging Policies

The Company's statement of policy concerning insider trading prohibits officers and directors from pledging Company securities as security for financial indebtedness or otherwise. In addition, under the policy, the Company prohibits directors, officers, all other employees of the Company and Pattern Development, as well as partnerships, trusts, corporations, investment accounts and similar entities over which any of the foregoing individuals exercise control or direction (together, "Company Personnel"), from entering into a hedging transaction that has the effect of reducing or eliminating the investment risks associated with any Company stock owned by such person. The prohibition applies whether the stock has been acquired from the Company pursuant to an employee benefit plan, or has been purchased by the holder in the market.

The Company also prohibits Company Personnel from purchasing Company securities on margin or holding Company securities in a margin account, as well as trading in options on the Company's stock.

Deductibility of Executive Compensation

Internal Revenue Code Section 162(m) generally prevents any public company from claiming a deduction for compensation in excess of \$1 million for certain executive officers (namely, the chief executive officer and the three most highly compensated officers other than the chief executive officer and the chief financial officer), unless the compensation is "performance based" as defined under Section 162(m). As a recently public company, we are currently eligible for transition relief. We have not adopted a policy regarding deductibility of compensation.

Equity Grant Practices

The Company generally grants equity incentives once a year in the first quarter after the completion of its audit for the preceding fiscal year. With approval from the NGC Committee, the Company may grant equity incentives in connection with hiring a key employee.

Report of the Nominating, Governance and Compensation Committee of the Board of Directors ⁽¹⁾

The nominating, governance and compensation committee of the board of directors furnishes the following report to the stockholders of the Company in accordance with applicable SEC rules.

The nominating, governance and compensation committee reviewed and discussed the Compensation Discussion and Analysis set forth above with the Company's management. Based on that review and discussion, the nominating, governance and compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Dated April 29, 2016

Respectfully submitted by:

Patricia Bellinger, Chair
Alan Batkin

(1) The material in this report is not “soliciting material,” is not deemed “filed” with the SEC and is not to be incorporated by reference in any filing of Pattern Energy Group Inc. under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

EXECUTIVE COMPENSATION

The following table provides information concerning compensation of our principal executive officer, principal financial officer and our other three most highly paid executive officers, referred to as named executive officers, for the fiscal years ended December 31, 2015, 2014 and 2013.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Non-Equity Incentive Plan Compensation (\$) ⁽¹⁸⁾	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	All Other Compensation (\$)	Total (\$)
Michael M. Garland, President and Chief Executive Officer	2015	420,250	—	491,000	2,205,294	—	79,089	⁽⁵⁾ 3,195,633
	2014	410,000	591,000		1,331,903	—	37,625	⁽⁶⁾ 2,370,528
	2013	400,000	410,000 ⁽³⁾		737,339	720,000	17,673	⁽⁷⁾ 2,285,012
Michael J. Lyon, Chief Financial Officer	2015	242,300	—	251,000	704,035	—	31,645	⁽⁸⁾ 1,228,980
	2014	236,391	305,000		466,186	—	67,545	⁽⁹⁾ 1,075,122
	2013	230,625	55,000		153,610	150,000	186,702	⁽¹⁰⁾