



**NORTHLAND POWER
INCOME FUND**

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS TO BE HELD JUNE 8, 1999

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of Unitholders of Northland Power Income Fund (the "Fund") will be held at the Caledon Room, Crowne Plaza Hotel, Toronto, Ontario, on Tuesday, June 8, 1999 at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Fund for the fiscal year ended December 31, 1998, together with the report of the auditors thereon;
2. to elect the Fund's nominees to the board of directors of Iroquois Falls Power Corp., the Fund's subsidiary;
3. to re-appoint the incumbent auditors of the Fund;
4. to consider and, if thought fit, pass the special resolution attached as Schedule "A" to the accompanying Management and Information Circular; and
5. to transact such further or other business as may properly come before the meeting or any adjournment thereof.

A copy of the Management Information Circular and a form of proxy for use at the meeting accompanies this notice. In addition, the financial statements of the Fund for the fiscal year ended December 31, 1998 and the report of the auditors thereon are enclosed.

Holders of units of the Fund are entitled to vote at the meeting either in person or by proxy. If you do not intend to attend the meeting in person, please exercise your right to vote by completing and signing the enclosed form of proxy and returning it by mail or delivery to the registered office of the Fund or by mailing it to Montreal Trust Company of Canada, Proxy Department, 151 Front Street West, 8th Floor, M5J 2N1 or by delivering it to Montreal Trust Company of Canada, Proxy Department, 151 Front Street West, 8th Floor, M5J 2N1. **Proxies to be used at the meeting must be deposited with the Fund or received by Montreal Trust Company of Canada at least 48 hours preceding the time of the meeting, or with the chairman of the meeting prior to commencement of the meeting.**

DATED at Toronto, Ontario, the 21st day of April, 1999.

ON BEHALF OF IROQUOIS FALLS POWER MANAGEMENT INC.,
MANAGER OF THE FUND,

James C. Temerty
President

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies by Iroquois Falls Power Management Inc. (the “Manager”) on behalf of Montreal Trust Company of Canada (the “Trustee”) for the Annual and Special Meeting (the “Meeting”) of the unitholders (the “Unitholders”) of Northland Power Income Fund (the “Fund”) to be held at the Caledon Room, Crowne Plaza Hotel, 225 Front Street West, Toronto, Ontario, on Tuesday, June 8, 1999 at 11:00 a.m. Toronto time. Except where otherwise indicated, this Management Information Circular contains information as of the close of business on April 21, 1999. The solicitation will be made primarily by mail, supplemented possibly by telephone or other personal contact by regular employees of the Manager. The cost of the solicitation by the Manager will be borne by the Fund.

APPOINTMENT, TIME FOR DEPOSIT AND REVOCABILITY OF PROXY

The persons named in the enclosed Form of Proxy are officers of the Manager. **A Unitholder or intermediary holding units on behalf of a beneficial Unitholder desiring to appoint some other person (who need not be a Unitholder of the Fund) to represent him or her at the Meeting may do so by inserting such person’s name in the blank space provided in the Form of Proxy and striking out the names of the persons specified, or by completing another proper Form of Proxy.** A Proxy to be used at the Meeting must be delivered or mailed to the registered office of the Fund or to Montreal Trust Company of Canada (the “TrustCo”), Proxy Department, 151 Front Street West, 8th Floor, M5J 2N1 and received at least 48 hours preceding the time of the Meeting. A Unitholder who has given a Proxy may revoke the Proxy by an instrument in writing executed by the Unitholder or by his or her attorney authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at such office of the TrustCo or the registered office of the Fund, at any time up to 48 hours preceding the time of the Meeting, or any adjournment thereof, at which the Proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law.

EXERCISE OF DISCRETION BY HOLDERS OF PROXIES

The Form of Proxy forwarded to Unitholders with the Notice of Meeting and this Management Information Circular provides the Unitholder with an opportunity to specify that the Units registered in his or her name shall be voted or withheld from voting in respect of certain of the matters to be considered at the Meeting. On any ballot that may be called for, the Units represented by proxies in favour of the Manager’s nominees will be voted for or withheld from voting, in respect of the election of the nominees of the Fund to the Board of Directors of Iroquois Falls Power Corp. located at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, M4V 3A2 (“IFPC”) and the reappointment of Ernst & Young as auditors of the Fund, in each case in accordance with the specifications made by Unitholders in the manner referred to above, and will be voted for or voted against the Special Resolution (as defined below). **In respect of proxies in which Unitholders have not specified the manner of voting, the Units represented by proxies in favour of the persons named in the enclosed Form of Proxy will be VOTED in favour of the election of the persons listed in this Management Information Circular as the nominees of the Fund as directors of IFPC and the reappointment of Ernst & Young as auditors of the Fund and will be VOTED FOR the Special Resolution.**

The Form of Proxy confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the Notice of Meeting or other matters which may properly come before the Meeting. The Manager knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters which are not now known to the Manager should properly come before the Meeting, the units represented by proxies in favour of the Manager’s nominees will be voted on such matter in accordance with the best judgment of the proxy nominee.

VOTING SECURITIES

As of the close of business on April 21, 1999 the Fund had outstanding 30,823,443 trust units (“Units”) each of which carries the right to one vote at meetings of the Unitholders.

The directors of IFPC have fixed a record date of April 23, 1999 (the “Record Date”) for the purpose of determining Unitholders entitled to receive notice of the Meeting. Only persons registered as Unitholders on the books of the Fund as of the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting. The failure of any Unitholder to receive notice of the Meeting does not deprive the Unitholder of the right to vote at the Meeting. If a person has acquired Units after the record date, that person is entitled to vote those Units at the Meeting upon producing properly endorsed unit certificates, or otherwise establishing unit ownership, and demanding the inclusion of his or her name in the list of Unitholders not later than 10 days before the date of the Meeting.

Except for the Special Resolution (as defined below), approval of any matter at the Meeting requires a majority of the votes cast at the Meeting on the question. As noted below, approval for the Special Resolution will require a majority of not less than 66 2/3% of the votes cast at the Meeting on the Special Resolution.

VOTING OF UNITS - ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to the public Unitholders of the Fund, as none of the public Unitholders (“Beneficial Unitholders”) of the Fund hold Units in their own name. Beneficial Unitholders should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holders of Units can be recognized and acted upon at the Meeting. All of the Units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited (“CDS”). CDS maintains books showing through which of its participants, such as investment dealers or brokers, the Units are owned. Investment dealers and brokers maintain their own records showing the Beneficial Unitholders of such Units by their clients. Units held by CDS can be voted only upon the instructions of the Beneficial Unitholder. Without specific instructions, CDS and its participants are prohibited from voting Units for their clients. The Manager does not know for whose benefit the Units registered in the names of CDS are held. Therefore, Beneficial Unitholders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of proxy unless they comply with the procedure designated below.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Unitholders in advance of Unitholder’s meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its broker is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholder how to vote on behalf of the Beneficial Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation (“IICC”). IICC typically prepares a voting instruction form (the “Voting Form”) which it mails to the Beneficial Unitholders and asks Beneficial Unitholders to return the Voting Form directly to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a Voting Form cannot use that Voting Form to vote Units directly at the Meeting, the Voting Form must be returned to IICC well in advance of the Meeting in order to have the Units voted.

IF YOU ARE A BENEFICIAL UNITHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.

PRINCIPAL HOLDERS OF VOTING UNITS

As of the close of business on April 21, 1999, all of the Units were registered in the name of CDS & Co., which holds such Units on behalf of the Beneficial Unitholders. To the knowledge of the Manager, no person or corporation owns beneficially, directly or indirectly, more than 10% of the issued Units of the Fund.

ELECTION OF NOMINEES TO THE BOARD OF IFPC

The articles of IFPC provide for a minimum of one and a maximum of ten directors and the present number of directors is five. Pursuant to a unanimous shareholders' agreement (the "USA") amongst the Fund, the Manager and IFPC, the Fund agreed that the number of directors of IFPC would be five. Two of the directors are nominees of the Manager. The Manager has nominated Mr. Temerty and Mr. Gloutney. Three of the directors are nominees of the Fund and shall be independent of the Manager and those directors independent of the Manager are currently Messrs. Moysey, Rounthwaite and Turner. The supplemental and restated trust indenture dated April 15, 1997 (the "Trust Indenture") which governs the Fund provides that the nominees to the Board of Directors of IFPC are to be selected by the Fund and elected by the Unitholders. In accordance with the Trust Indenture, the directors of IFPC who are currently nominees of the Fund have nominated Messrs. Moysey, Rounthwaite and Turner to be the nominees of the Fund to be elected to the Board of Directors of IFPC. It is proposed that each of the persons whose names appear below be elected as a director of IFPC to serve until the close of the next Annual Meeting of IFPC or until his successor is elected or appointed. Units represented by proxies in favour of the individuals named in the enclosed Form of Proxy will be voted in favour of the election of Messrs. Moysey, Rounthwaite and Turner as the nominees of the Fund as directors of IFPC, unless a Unitholder has specified in his or her Proxy that his or her Units are to be withheld from voting in the election of directors. The Manager does not contemplate that any of the said nominees will be unable to serve as a director, but should that occur prior to the Meeting, the persons named in the enclosed Form of Proxy will vote for another nominee of the current independent directors of IFPC in their discretion.

The table below shows the names and municipalities of residence of all persons nominated at the Meeting for election as directors of IFPC and those persons nominated by the Manager, the number of issued Units owned beneficially, directly or indirectly, by them, or over which they exercise control or direction, their principal occupations, and the year they first became directors of IFPC.

Name and Municipality of Residence	Positions and Offices held with IFPC	Principal Occupation	Year Became Director	Number of Units Beneficially Owned Directly or Indirectly ⁽¹⁾
James C. Temerty ⁽³⁾ Toronto, Ontario	President and Director	President of Northland Power Inc. (the parent company of the Manager) and its predecessor	1997	584,200
Pierre R. Gloutney ^{(2),(3)} Terrasse Vaudreuil, Quebec	Director	President and Chief Executive Officer, Refco Futures (Canada) Ltd.	1997	6,500
A. Warren Moysey ⁽²⁾ Toronto, Ontario	Director	Company Director. Prior to October 1996, Chairman and Director, C.I. Fund Management Inc.; Chief Executive Officer, President and Director, Aetna Life Insurance Co. of Canada (insurance company) from November 1992 to January 1994.	1997	NIL
F. David Rounthwaite ⁽²⁾ Toronto, Ontario	Director	Partner, McCarthy Tetrault (law firm)	1997	NIL
The Right Honourable John N. Turner, Q.C. Toronto, Ontario	Director	Partner, Miller Thomson (law firm)	1997	NIL

Notes: ¹⁾ This information, not being within the knowledge of the Manager, has been furnished by the respective directors individually.

²⁾ Member of the Audit Committee of IFPC.

³⁾ Nominee of the Manager.

Compensation of Directors of IFPC

Directors of IFPC receive an annual fee of \$15,000 per director plus \$1,000 in respect of each directors' meeting attended in person or \$250 by telephone and \$500 for each committee meeting attended in person or by telephone. The chair of the Audit Committee receives an additional \$3,000 annually for serving in that capacity. All directors are reimbursed for their respective out-of-pocket expenses in relation to their attendance at directors' and committee meetings. Directors of IFPC, in such capacity, receive no other compensation from the Fund or IFPC. The officers and director of the Manager receive no compensation from the Fund or IFPC for service in that capacity.

INDEBTEDNESS OF EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of IFPC and the Manager and their associates did not have any indebtedness to the Fund or IFPC in respect of the financial year ended December 31, 1998. Neither the Fund nor IFPC has guaranteed any indebtedness of any such persons.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Toronto Stock Exchange requires every listed company incorporated in Canada to disclose on an annual basis its approach to corporate governance with reference to the guidelines (the “TSE Guidelines”) adopted by the Exchange. The Manager considers that the Fund and IFPC have conformed to the TSE Guidelines to the extent consistent with the structure of the Fund and IFPC and the terms of the Trust Indenture and the agreements to which the Fund and IFPC are parties.

The Manager manages all aspects of the operation, maintenance, management and gas supply management of the Iroquois Falls Cogeneration Facility (the “Facility”), owned by the Fund and leased to IFPC, pursuant to the management agreement between IFPC and the Manager, made as of April 15, 1997, as amended (the “Management Agreement”). Pursuant to the Management Agreement, the Manager has agreed to render advice and management services to IFPC in connection with its respective day-to-day operations in a manner consistent with the policies determined from time to time by the directors of IFPC.

The composition of the Board of Directors of IFPC is prescribed by the USA. The USA provides that IFPC shall have five directors, two of whom shall be nominees of the Manager and three of whom shall be nominees of the Fund elected by the Unitholders. A majority of the Board of Directors of IFPC namely, Messrs. Gloutney, Moysey, Rounthwaite and Turner, are unrelated and independent directors. As a result, the composition of the Board of Directors of IFPC conforms to the TSE Guidelines.

As a result of the provisions of the USA and the Trust Indenture, the TSE Guidelines which require that a committee be appointed to propose new nominees are inapplicable unless a nominee to the Board of Directors of IFPC previously confirmed by Unitholders should resign. There are no formal education programs for new directors but the Manager provides such orientation and information as individual directors may request. As the USA provides for a Board of Directors for IFPC of five members, the TSE Guidelines requiring that boards of directors consider a reduction in their size are also inapplicable.

In view of the size of the Board of Directors of IFPC and the provisions of the Administration Agreement (described below) and Management Agreement which establish the role of the Manager as manager of the Facility, administrator of the Fund and IFPC and delegate of the Trustee, the directors of IFPC have not established a separate committee for corporate governance or compensation which matters are dealt with by the entire Board of Directors. The directors of IFPC have established an Audit Committee composed of Messrs. Gloutney, Moysey and Rounthwaite, all of whom are unrelated to the Manager, which is consistent with the TSE Guidelines. The Audit Committee of IFPC meets with the Manager to discuss internal controls, financial reporting issues and auditing matters related to IFPC.

The Management Agreement provides for the appointment of an arbitrator where a dispute arises as to whether the Manager is in default under the Management Agreement or with respect to the calculation of any management incentive fee payable to the Manager. The Management Agreement also contemplates that the directors of IFPC may engage outside advisors in certain circumstances which is also consistent with the TSE Guidelines.

There are no directors of the Fund itself and management and administration of the Fund is performed by the Manager as the delegate of the Trustee under the Trust Indenture and the administration agreement made as of April 15, 1997 (the “Administration Agreement”) amongst the Fund, IFPC and the Manager. The directors of IFPC advise the Manager in respect of certain of the Manager’s functions in relation to the Fund. The Trust Indenture requires Unitholder approval before any fundamental change can be made in the business of the Fund or in the structure of the Fund or IFPC. Unitholder approval is also required before any change is made to the rights of the Unitholders.

AUDITORS

It is intended that the Units represented by proxies in favour of the persons shown in the enclosed Form of Proxy will be voted in favour of the re-appointment of Ernst & Young, Chartered Accountants, of Toronto, Ontario, as auditors of the Fund, unless a Unitholder has specified in his or her Proxy that his or her Units are to be withheld from voting in the appointment of auditors. Ernst & Young were first appointed auditors of the Fund on April 3, 1997.

MANAGEMENT AGREEMENT

In consideration for the services provided by the Manager under the Management Agreement, IFPC has agreed to pay to the Manager a monthly fee of 1/12 of \$460,000 adjusted annually with changes to the Consumer Price Index and certain incentive fees if applicable. During the period from January 1, 1998 to December 31, 1998, IFPC paid the Manager a total of \$462,000 for the services provided under the Management Agreement and no incentive fees were paid. The Manager's address is 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, M4V 3A2. No compensation is payable to the Manager under the Administration Agreement.

PROPOSED AMENDMENTS TO THE TRUST INDENTURE

The Fund is a single purpose investment trust, established under the laws of the Province of Ontario, to acquire and hold the Facility through the ownership of certain general assets which are leased to IFPC and the shares and debt of IFPC, an Ontario corporation. The Fund is administered by the Manager which also manages the Facility and IFPC.

Unitholders are being asked to consider, and if thought advisable, to pass a Special Resolution in the form attached as Schedule "A" authorizing certain amendments to the Trust Indenture. Such amendments would, without further Unitholder approval: (i) permit the Fund, on the recommendation of the Manager, as approved by the IFPC Directors, to acquire, directly or indirectly, in any manner whatever, Permitted Acquisitions or to undertake the expansion or upgrade of any of its facilities or assets; (ii) remove certain restrictions applicable to the Fund in order to permit the Fund to finance Permitted Acquisitions or the expansion or upgrade of any of its facilities or assets, through the issuance of Units or Permitted Borrowings and (iii) revise the quorum required for a meeting. Capitalized terms used but not defined in this section of the circular and in Schedule "A" have the meanings ascribed to them in the Trust Indenture. A copy of the Trust Indenture is available from the Manager.

a) Investment Restrictions

The Trust Indenture does not currently permit the Fund to make additional investments other than through corporations which generate electricity, or to issue additional Units as consideration for acquisitions except with prior Unitholder approval. In addition, section 5.3 of the Trust Indenture prohibits the Fund from purchasing any investment which is (a) defined as "foreign property" under any provision of the Tax Act, (b) is a "small business security" as that term is used in Part I of the Tax Act, or (c) would result in the Fund not being considered either a "unit trust" or a "mutual fund trust" for purposes of the Tax Act at the time such investment was acquired (the "Investment Restrictions"). As a result of these Investment Restrictions, the Fund must limit its undertaking to investing its funds in property and not carry on an active business either directly or through an agent.

b) Potential Opportunities

The Manager and the IFPC Directors believe it is in the interest of Unitholders of the Fund to pursue a variety of possible acquisitions, subject to the Investment Restrictions, with a view to maintaining and strengthening the asset base of the Fund and enhancing Unitholder value and returns. The Manager and the IFPC Directors believe that significant opportunities may arise to make investments related not only to electricity generation but also to electricity transmission or distribution businesses, other energy related businesses and gas reserves. In particular, given current market trends, the restructuring of Ontario's electricity sector and other electricity sectors across Canada, the Manager and the IFPC Directors believe that it may be advantageous to Unitholders to make Permitted Acquisitions to diversify and increase the Fund's asset and revenue base.

c) Requirements for Unitholder Approval

To the extent that the Fund makes acquisitions, or wishes to issue additional Units to fund such acquisitions, Unitholder approval is now necessary. With respect to future acquisitions, in order to provide maximum flexibility, it is proposed that general acquisitions criteria will be adopted as set out below and no specific Unitholder approval would be necessary for acquisitions where such criteria are met. All such acquisitions will be subject to due diligence procedures and such other procedures as are implemented by the IFPC Directors.

The Manager and the IFPC Directors are proposing that amendments to the Trust Indenture would authorize a "Permitted Acquisition" without the need for further Unitholder approval. A "Permitted Acquisition" means an acquisition which has been recommended by the Manager and approved by the IFPC Directors whereby the Fund acquires, directly or indirectly, in any manner whatever, (i) property used for the generation, transmission or distribution of electricity or other forms of energy in

Canada; (ii) the revenues and/or contracts related to the provision of services and/or products in connection with the generation, transmission or distribution of electricity or other forms of energy; (iii) reserves of natural gas or an interest in the production of natural gas facilities; (iv) products, services or rights of any kind related to any of the foregoing, subject to the investment restrictions described in section 5.3; in each case provided that, prior to the Manager recommending and the IFPC Directors approving any acquisition, the Manager and the IFPC Directors shall have determined that such acquisition may reasonably be anticipated to be of net economic benefit to the Fund without significantly altering the risk profile of the Fund.

d) Expanded Borrowing Power

The Trust Indenture also currently restricts borrowing by the Fund except with prior Unitholder approval. In order to permit the Fund and/or IFPC to raise the capital necessary to complete Permitted Acquisitions or the expansion or upgrade of any of its facilities or assets, it is proposed by the Manager and the IFPC Directors to amend the Trust Indenture to authorize the Fund and/or IFPC to raise or issue capital for such Permitted Acquisitions or the expansion or upgrade of any of its facilities or assets through the issuance of equity or debt securities of the Fund or IFPC through borrowing without Unitholder approval. This authorization will provide the Fund and IFPC with the maximum flexibility to raise funds and/or provide capital for such acquisitions. It is also proposed to allow the Fund and IFPC to borrow for the purposes of financing or funding, subject to such limitations as the IFPC Directors may determine.

e) Reduced Quorum Requirement

The Trust Indenture currently sets the quorum for meetings of Unitholders at "two or more Unitholders present in person or represented by proxy and representing in the aggregate at least 20% of the votes attached to all outstanding Trust Units." The Trust Indenture provides that, if a quorum is not present, in the case of a meeting requisitioned by the Unitholders, the meeting would be dissolved and in any other case the meeting would be adjourned for at least 14 days and at the resumed meeting those Unitholders then present in person or represented by proxy would constitute a quorum. At the Fund's 1998 annual meeting, approximately 18% of Units were represented at the initial meeting thereby requiring the meeting to be adjourned and continued.

The Manager is proposing to reduce the quorum requirement from Unitholders representing 20% of the votes attached to all outstanding Trust Units to Unitholders representing 10% of the votes attached to all outstanding Trust Units. The Manager believes that the 10% level is a significant level of Unitholder participation which should be readily achievable by the Fund and is a quorum level consistent with that established by other limited partnerships and trusts.

The existing requirement of 20% of the votes attached to all outstanding Trust Units will apply as the quorum for the Meeting.

f) Required Approval

In order to pass, the Special Resolution will require a majority of not less than 66 2/3% of the votes cast on the Special Resolution at the Meeting.

DIRECTOR APPROVAL

The contents and the distribution of this Management Information Circular have been approved by the Director of the Manager on behalf of the Fund.

DATED at Toronto, Ontario, this 21st day of April, 1999.



James C. Temerty

President

Iroquois Falls Power Management Inc.



**NORTHLAND POWER
INCOME FUND**

IROQUOIS FALLS POWER MANAGEMENT INC.
30 St. Clair Avenue West, 17th Floor, Toronto, Ontario
M4V 3A2



NORTHLAND POWER INCOME FUND

SCHEDULE "A"

RESOLVED as a special resolution that the Supplemental and Restated Trust Indenture between Northland Power Inc. and Montreal Trust Company of Canada, made April 15, 1997 (the "Indenture") be and is hereby amended as follows:

1) Section 1.1 of the Indenture is amended by adding the following definitions

"Permitted Acquisition" means an acquisition which has been recommended by the Manager and approved by the IFPC Directors whereby the Fund acquires, directly or indirectly, in any manner whatever, (i) property used for the generation, transmission or distribution of electricity or other forms of energy in Canada; (ii) the revenues and/or contracts related to the provision of services and/or products in connection with the generation, transmission or distribution of electricity or other forms of energy; (iii) reserves of natural gas or an interest in the production of natural gas facilities; (iv) products, services or rights of any kind related to any of the foregoing, subject to the investment restrictions described in section 5.3; in each case provided that, prior to the Manager recommending and the IFPC Directors approving any acquisition, the Manager and the IFPC Directors shall have determined that such acquisition may reasonably be anticipated to be of net economic benefit to the Fund without significantly altering the risk profile of the Fund.

"Permitted Borrowings" means any borrowing by the Fund or IFPC in connection with Permitted Acquisitions or the expansion or upgrade of any of its facilities or assets subject to such limitation thereon, if any, as the IFPC Directors may determine.

2) Section 4.3 is hereby amended by adding thereto subparagraph (4) as follows:

"(4) notwithstanding any other limitation in this section 4.3, the Trustee is hereby permitted to make any Permitted Borrowings."

3) by adding to Section 5.1 of the Indenture as subparagraphs (e) and (f) the following:

"(e) owning, acquiring, leasing and disposing of Permitted Acquisitions;
and
(f) making any Permitted Borrowings."

4) Section 6.3(4) of the Indenture is hereby deleted and the following is substituted therefor:

"s.6.3(4) Additional Trust Units may be issued, by the Trustee, without Unitholder approval, for the purpose of making or raising proceeds to make Permitted Acquisitions, for the expansion or upgrade of any of the Fund's facilities or assets or to pay any operations and administration expenses, issue expenses and underwriters fees, where such Permitted Acquisition or expansion or upgrade has been recommended by the Manager and approved by the IFPC Directors."

5) Section 10.1 is hereby amended by deleting the following:

"(ii) the issuance of additional Trust Units of the Fund for the purpose of acquiring securities of a corporation in the business of electricity generation and related areas;"

6) Section 10.2(2) is hereby amended by deleting "20%" and replacing with "10%".