Strategic Acquisition of Northland Power Inc.

May 29, 2009

NORTHLAND POWER
INCOME FUND

Forward Looking Statements

This presentation contains certain forward-looking statements, including statements concerning expectations respecting distributable cash. Although these forward-looking statements are based upon current expectations and assumptions, they are subject to numerous risks and uncertainties, many of which are beyond the Fund's control, including those that have been disclosed in the Fund's latest annual report and annual information form. Any statements that are contained in this presentation that are not statements of historical fact may be forward-looking statements. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of distributions, the Fund and Unitholders will derive therefrom.

Agenda

- Executive Summary
- Northland Power Income Fund
- Overview of Process and Consideration
- Overview of Northland Power Inc.
- Transaction Rationale
- Summary

Executive Summary

- NPIF to merge with Northland Power Inc. ("NPI") (the "Transaction")
  - 459 MW portfolio of operating or under construction, fully-financed projects
  - A credible development pipeline of 3,600 MW
  - Substantial opportunities in Ontario with passage of the Green Energy Act – widespread demand for renewable energy investments
- Cash available for distribution should support $1.08/unit, even with no development success
- 3% accretive on average (2009-2017), even with no development success
  - A project with a capital cost of approximately $466 million is expected to generate development value of at least $75 million, increasing average accretion to 10.6%
- Over $600 million of CCA pools extends tax free period to 2014/2015

Executive Summary (cont'd)

- Improved asset diversification and cash flow stability, with addition of assets with 16-year average PPA life
  - Average PPA life of NPIF extends to 14 years from 11.4 years
- Secures NPIF's relationship with NPI, who otherwise could have pursued another transaction
  - Management LTIP to reward future success, aligning interests
  - Management non-compete for 3 years
- Secures NPIF's long-term future beyond the term of its maturing contracts – NPIF's future is uncertain otherwise

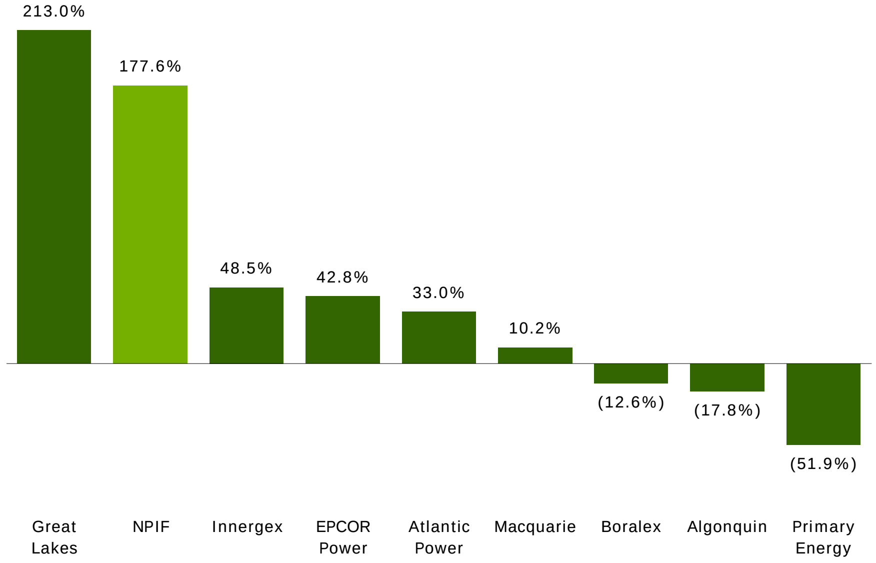
Impetus for Transaction

- With numerous opportunities available to NPI, a secure source of capital was required
- Depending on the source of capital pursued, NPI could entertain transaction structures with parties other than NPIF
- NPIF required strategy to deal with post-2010 and maturing PPAs and gas contracts
  - 2017 PPA expiry for Kingston (32% of NPIF's capacity today)
  - 2016 / 2017 gas contract expiring for Iroquois Falls and Kingston (56% of NPIF's capacity today)
- NPI indicated they were not interested in an offer only for Thorold and / or Jardin
  - Imperative to forge formal relationship with NPI even though Thorold and Jardin would start generating cash flow in 6-9 months
- Independent Trustees recommended the Transaction after considering all credible alternatives

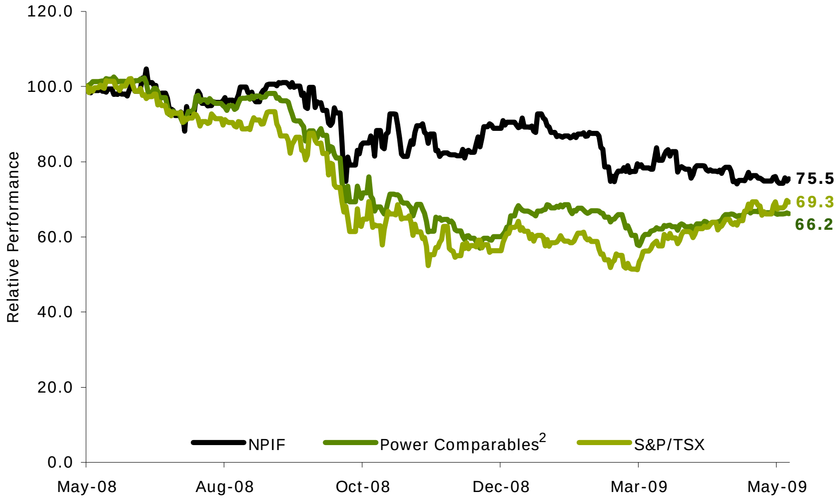
NPIF – Relative Performance

- Northland Power Income Fund ("NPIF" or the "Fund") has demonstrated superior performance relative to its peers and the TSX

Total Returns Since IPO[1]



Relative Price Performance *(LTM)*

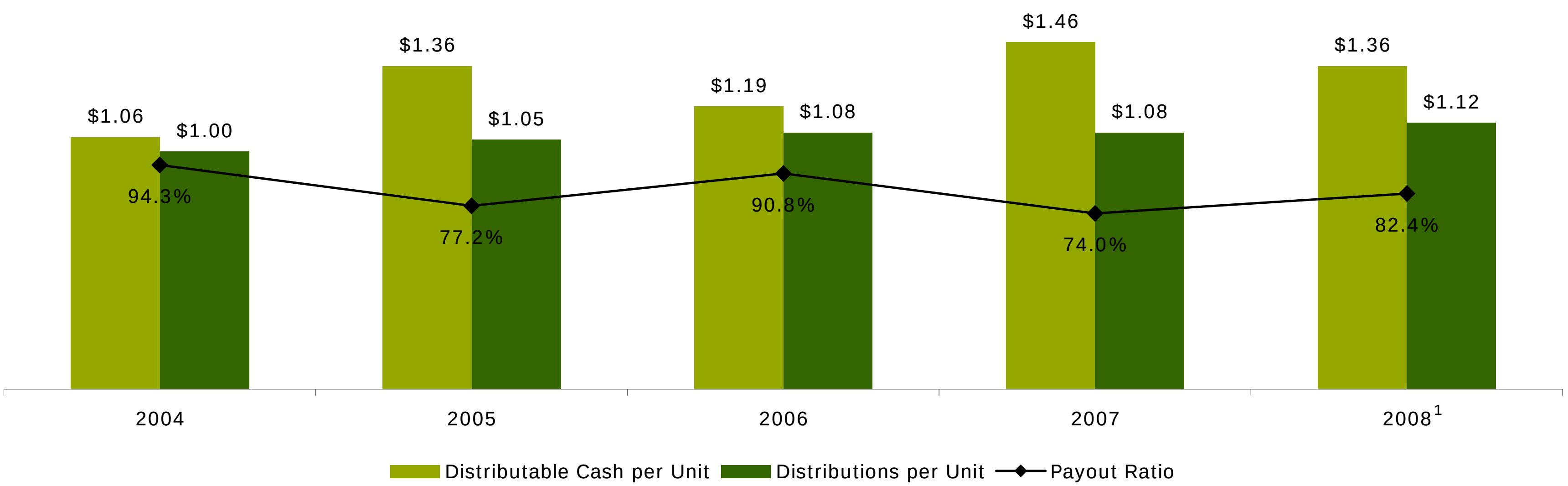


[1] Represents the value of one security held since the IPO, and assuming all distributions received are reinvested. As at May 26, 2009.
[2] Power comparables include all companies shown in Total Return chart (excluding NPIF).

NPIF – Distribution Profile

- The Fund has grown distributable cash flow and maintained a prudent payout ratio over the last 5 years

Distribution and Payout Ratio History



[1] Distribution of $1.12 per unit includes regular distribution of $1.08 per unit and a one-time special distribution of $0.04 per unit.

NORTHLAND POWER INCOME FUND

Background to the Transaction

- December 2007 – Independent Trustees (“ITs”) determine to consider the Fund’s various strategic options in light of definitive changes to Income Trust taxation and the profile of declining cash flows in the long term from the Fund’s existing assets
  - Among alternatives to be reviewed is an acquisition of NPI
  - ITs retain Crosbie & Company Inc. (“Crosbie”) as financial advisor
- December 2007 – Management of NPI stated it would be considering its own options to meet its anticipated funding needs, including combining with the Fund
- September 2008 – ITs elect to explore an acquisition of NPI
- December 2, 2008 – ITs receive a transaction proposal from NPI and its financial advisor, CIBC, pursuant to which the Fund would acquire NPI for payment-deferred consideration
- The IT’s have unanimously[1] recommended that Unitholders approve the Transaction

[1] James C. Temerty abstained due to his conflict of interest.

NORTHLAND POWER INCOME FUND

Overview of Consideration

- Class A Exchangeable Units
  - 35.6 million Class A Exchangeable Units, representing an approximate 34% interest in the Fund
    - Do not trade
    - Not transferable until July 6, 2011 (“Conversion Date”)
    - No distributions prior to Conversion Date
  - Class A Exchangeable Units are subject to reduction[1] for:
    - Transaction costs
    - Distributions being less than $1.08 per annum prior to Conversion Date
  - Holders of Class A Exchangeable Units entitled to a cash payment to extent distributions exceed $1.08 per annum prior to Conversion Date
    - Held until December 13, 2013 in respect of potential indemnity claims under the Acquisition Agreement

[1] Reduction is dollar-for-dollar based on Announcement Date Price. Announcement Date Price of $10.06 is a weighted average price for 20 trading days prior to announcement.

Overview of Consideration (cont'd)

- Replacement Rights
  - Certain officers and employees of NPI, who have the right to acquire an 18% interest in NPI on a sale through an existing LTIP, are receiving 6.3 million Replacement Rights to acquire an equal number of Units on or after the Conversion Date
  - Represents an approximate 6% interest in the Fund
    - Do not trade
    - Not transferable
    - No voting rights
    - No entitlement to distributions until exercised
  - Replacement Rights are subject to reduction[1] for:
    - A reduction of the number of Class A for Exchangeable Units as a result of transaction costs
    - Certain indemnity claims

[1] Reduction is dollar-for-dollar based on Announcement Date Price. Announcement Date Price of $10.06 is a weighted average price for 20 trading days prior to announcement.

NORTHLAND POWER INCOME FUND

Overview of Consideration (cont'd)

- Non–project level debt to be repaid on Closing
  - Up to $35.0 million of third party debt to be paid in cash
  - $24.6 million loan to an affiliate of NPI to be paid in Trust Units (based on Closing Date market price and subject to 4-month hold)
- Further, Fund to pay $21.5 million in cash on January 31, 2010 to acquire remaining ownership interest in Saint-Ulric Saint-Léandre Wind L.P. (Jardin d'Éole project)[1]

[1] This payment is reflected in the Crosbie value range for NPI.

NORTHLAND POWER INCOME FUND

Overview of Earn-Out

- Up to 6.64 million Class B Convertible Units issuable to NPHI in respect of development success
  - NPHI to share in value creation from development success[1]
    - Payable once projects reach commercial operation ("COD")
    - "Development Profit" is differential between value at COD and project cost
  - Fund to receive first $75 million of aggregate Development Profit as deductible[2]
  - NPHI to share in Development Profit thereafter
    - 40% of projects where PPA secured before June 30, 2010
    - 20% of projects where PPA secured after June 30, 2010, but prior to Conversion Date

[1] In respect of projects in the NPI development pipeline as at Closing.
[2] Deductible does not apply in respect of one previously bid project, provided a PPA is secured before June 30, 2010.

NORTHLAND POWER INCOME FUND

New LTIP

- Board of Trustees has approved the Fund LTIP, subject to approval of the LTIP Resolution by the Unitholders
- Fund LTIP designed to reward employees and officers, among others, for contributions to future success of the Fund
- Administered by the Compensation Committee of the Fund, with Deferred Rights issued on achieving pre-established performance criteria and the participant's continued employment
- Provides for up to 3.5 million Units to be issued, with a maximum of 5.5% of the total number of outstanding Units of the Fund on a fully-diluted basis

Crosbie's Approach to NPI Value

- Crosbie valued the operations under contract separate from the projects under development
  - In valuing the operations under contract, a DCF was used as the primary methodology due to the long-life assets and relatively high predictability of cash flows
    - Discount rates of between 11% and 12% were applied to the levered free cash flows
      - CAPM, coupled with consideration of equity returns of project developers, returns on equity for regulated power companies and bond yields for power utilities
    - A terminal multiple of 6x was applied
- In valuing the projects under development, Crosbie used:
  - Multiple Expansion approach
  - Annual Value Creation approach
  - Multiple of Investment approach
  - Value per MW approach

Value Summary and Comparables

- The following outlines the summary value analysis of Crosbie

Crosbie Value Summary *($ millions)*

	Value Range	
	Low	**High**
NPI Operations Under Contract	$272.2	$320.5
Projects Under Development	$50.0	$100.0
Total Equity Value Before Payments to Related Parties[1]	$322.2	$420.5

Comparable Companies Analysis – Power Developers

	Market Cap[2]	Adj. TEV[3]	Net Capacity (MW) 2008A	Net Capacity (MW) 2011E	Net Capacity (MW) 2012E	Adj. TEV / EBITDA 2011E	Adj TEV / MW 2011E	Adj TEV / MW 2012E
Canadian Hydro	$395	$1,509	496	900	951	10.0x	1.7x	1.6x
Innergex	$77	$463	95	250	293	12.2x	1.9x	1.6x
NPI Valuation Range - Implied Multiples								
Low	$322	$729	131	459	459	8.5x	1.6x	1.6x
High	$421	$828	131	459	459	9.7x	1.8x	1.8x
NPI Valuation Range - Implied Multiples (Excluding Projects Under Development)								
Low	$272	$679	131	459	459	7.9x	1.5x	1.5x
High	$321	$728	131	459	459	8.5x	1.6x	1.6x

1 Excludes repayment of NPHI Loan and JCT loan.
2 Market Cap for NPI is based on Crosbie equity value range.
3 Adjusted TEV equals equity value plus forecast net debt (2011).

Value Summary and Comparables (cont'd)

- Achieving $75 million of equity value (representing the mid-point of the Crosbie "Projects Under Development Range") would represent approximately 6% - 8% of NPI's existing project pipeline
  - Of NPI's 3,600 MW pipeline, it faces no competition on 550 MW - 1,750 MW, partly associated with the Green Energy Act in Ontario and pre-qualification on 1,200 MW

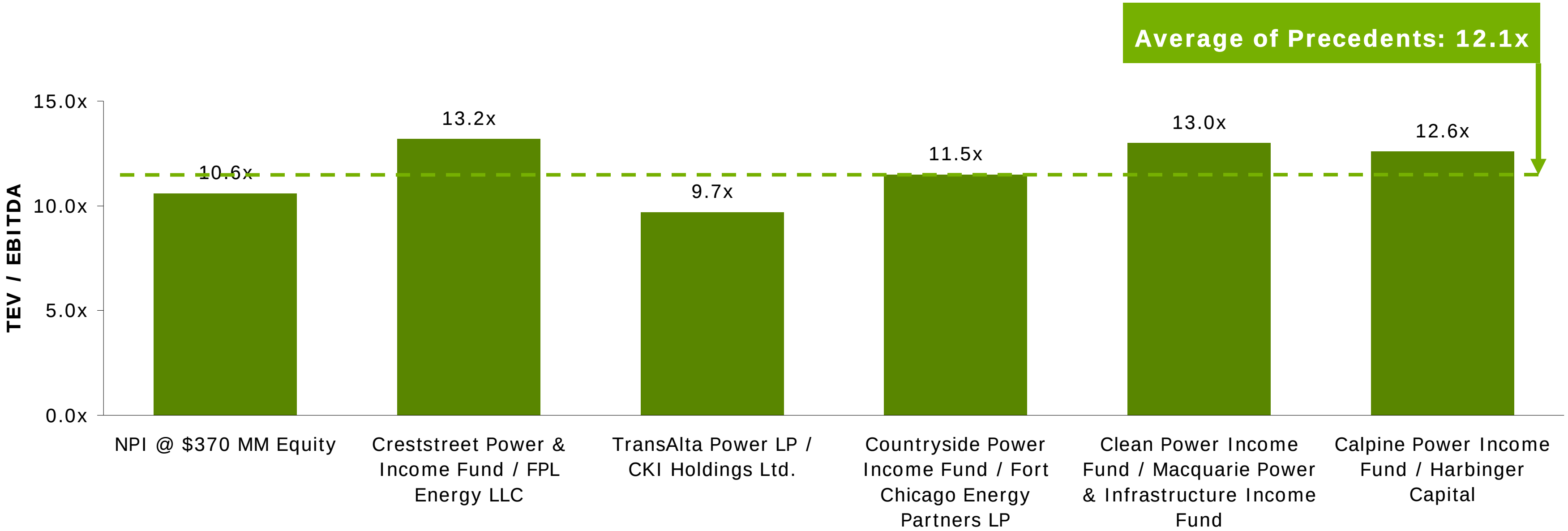
Illustrative Project Economics *($ millions)*[1]	
Capital Cost	$466.3
% Debt Financed	84.0%
% Equity Financed	16.0%
Annual EBITDA	$55.5
Annual Cash Flow	$26.5
Accretion over 2009-2017 Base Case	**10.6%**

[1] Illustrative project finance data approximated using operating statistics and financials of Thorold.

Precedent Transactions

- The implied transaction multiple is in line with multiples paid in recent power transactions

Precedent Transaction Comparison



Apr-09	Apr-08	Oct-07	Jun-07	Apr-07	Dec-06
TEV = $932 MM[2]	TEV = $152 MM	TEV = $651 MM	TEV = $203 MM	TEV = $428 MM	TEV = $827 MM

1 NPI EBITDA of $88.0 million includes Thorold, 50% of Jardin, Kirkland, Cochrane and Management fees paid by the Fund and other NPI owned projects net of Management related expenses.
2 TEV represents Crosbie's equity value plus the peak debt of $562 million.

NORTHLAND POWER INCOME FUND

NPI Overview

- Privately held Canadian power developer, owner and operator founded in 1987
- Manages:
  - Its own projects
  - The Fund's facilities under contract
  - Other facilities under contract
- 170 employees
- Operating and development pipeline totaling over 4,000 MW

Asset Summary	Capacity *(MW)*
Operating and Under Construction	459[1]
Active RFPs	1,230
Development Opportunities	2,400
Total	**4,089**

[1] Includes 100% of Thorold and 50% of Jardin, each of which are currently under construction.

NORTHLAND POWER INCOME FUND

NPI History

- NPI was established in 1987 by James C. Temerty
  - Over 40 years of business experience
  - Instrumental in the growth and development of NPI
  - Currently serves as NPI's Chairman
- Mr. Temerty's strategic foresight and guidance, in combination with skilled management, have enabled NPI to
  - Become one of Canada's premier independent power developers, owners and operators
  - Develop relationships at all levels of government and industry
  - Establish an existing portfolio of development opportunities representing over 3,600 MW to secure future growth
- NPI's focus is value creation through development
  - NPI's success has been based on a disciplined approach to project development and careful management of risk

NORTHLAND POWER INCOME FUND

Future Growth Opportunities

- Current operating environment is best in NPI's history due to
  - Government policy initiatives
  - Availability of long-term PPAs with creditworthy parties
- Well positioned to undertake growth initiatives
  - Continued focus on "green" renewable energy and "clean" natural-gas and pumped storage investments
    - In line with government policy and public desire for cleaner generation
    - Intermittent renewable energy, clean natural gas and pumped storage complement each other
  - Leverage current expertise in power development
- Ontario's new Green Energy Act provides major opportunity
  - PPAs available through feed-in-tariff without competitive processes
  - Proposed pricing appears to be reasonable
  - NPI has wind, solar and hydro projects in its development pipeline

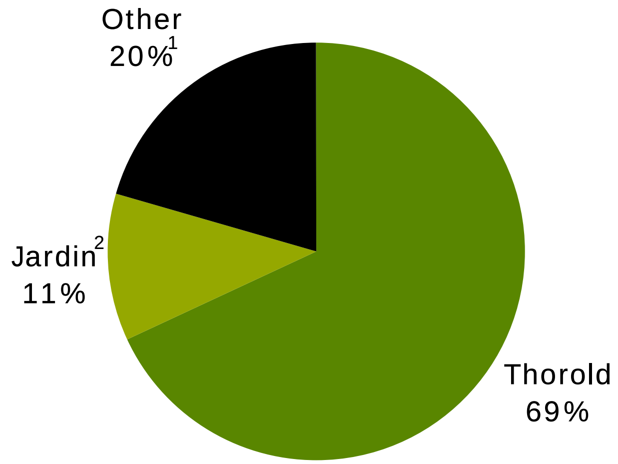
NPI Management Expertise

- Successfully arranged over $2.0 billion in project financing
- Track record of completing projects on-time and within budget
- Assets have operated at over 98% reliability
- Have taken numerous initiatives to enhance economics of operating projects
- Close-knit team, many employees with more than 15 years of tenure
- Mr. Temerty will continue to be actively involved in NPIF as Chairman of Fund and largest single Unitholder at approximately 39%
- Officers and senior management interests will be aligned with Unitholders through a significant ownership interest of approximately 6% and a long term incentive plan tied to operating results and development success

NPI Financial Overview

- Total run-rate EBITDA of approximately $86 to $90 million is expected once Thorold and Jardin commence operation

NPI EBITDA Summary

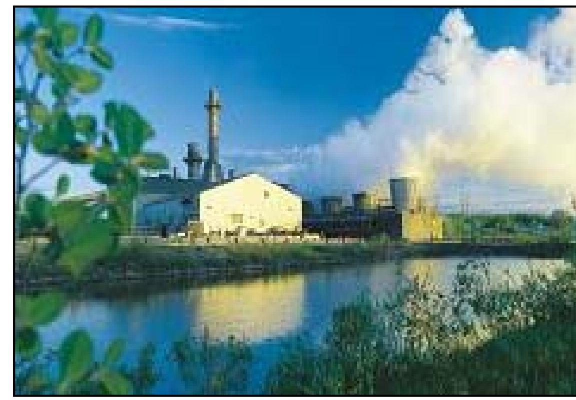


[1] Other includes fees from Kirkland, Cochrane and Management fees paid by the Fund and other NPI owned projects net of Management related expenses.
[2] Represents 50% of Jardin project.

NPI Managed– Kirkland Lake – 132 MW

76.5[1] MW: wood (9.5 MW) and natural gas (67 MW) baseload power

- Wood fuelled rates contracted with OEFC (AA) through 2030, gas fuelled rates to 2015
- COD: 1991
- Projected increase in cash flows to NPI post 2011
  - Amortizing debt re-paid by 2011
  - Dividend to institutional investors expected to be fully satisfied by 2011
  - Gas contracts to 2010 and 2013



22.5[1] MW natural gas peaker

- PPA agreement to 2015 contracted with OEFC (AA)
- Fixed capacity payments independent of dispatch, gas cost a pass through
- COD: 2004
- Amortizing debt to be fully re-paid by 2013

[1] NPI has a 75% financial interest in Kirkland cash flows under management agreements after meeting investor return expectations.

NPI Managed– Cochrane – 42 MW

31.5[1] MW: wood (8.5 MW) and natural gas (23 MW)

- PPA with OEFC (AA) through 2015
- COD: 1990
- Projected increase in cash flows to NPI post 2013
  - Dividends to institutional investors expected to be fully satisfied by 2013
- Gas contract to 2017

[1] NPI has a 75% financial interest in Cochrane cash flows under management agreements after meeting investor return expectations.

NORTHLAND POWER INCOME FUND

NPI Construction Project – Thorold

265 MW natural-gas-fired cogeneration plant

- 20-year PPA with Ontario Power Authority (AA low)
- Entitled to capacity payments regardless of level of plant dispatch
- Gas cost effectively a pass through
- Construction began in August 2007
- Scheduled COD – early 2010
- Capital cost of $520 million
- Fully financed:
  - $415 million senior debt
  - $70 million sub-debt[1]
- Construction ahead of schedule and within budget

[1] Including $30 million from the Fund.

NPI Construction Project – Jardin d'Éole

127.5 MW wind farm consisting of 85 1.5 MW General Electric turbines

- 20-year PPA with Hydro-Québec (A high)
- Receives EcoEnergy payments
- Construction began in May 2008
- Scheduled COD – Q4 2009
- Capital cost of $227 million[1]
- Fully financed:
  - $153 million senior debt
  - $35 million sub-debt[2]
- Construction on schedule and within budget

[1] Net of $41 million cost re-imbursement from Hydro-Québec (senior debt bridge loan).
[2] Provided by the Fund; Fund has an option to convert sub-debt into a 50% equity ownership position.

NORTHLAND POWER INCOME FUND

NPI Active RFPs

- Pipeline of RFPs continues to evolve

Project Name	Capacity	Status
	(MW)	
Southwest GTA	850	Pre-qualified to bid in RFP
Saskatchewan CCGT	280	Pre-qualified to bid in RFP
Saskatchewan Peaker	100	Pre-qualified to bid in RFP
Total	**1,230**	

NPI Development Pipeline

Project Name	Capacity *(MW)*	Status
Gas		
Cambridge Area Peaker	450	Two sites under option, RFP expected in 2009
Oshawa Cogeneration	50 - 200	MOU with General Motors
Toronto District Heating	10 - 50	Qualified under Waterfront Toronto procurement
Water		
Pumped Storage in Ontario	200 – 1,200	Securing exclusive development rights
Small Hydro in Ontario	60	MOU with First Nation, feed-in tariff
Hydrokinetics	N/A	Exclusive rights to deploy new technology
Wind		
Wind Farm in Ontario	72	5 years wind data, completing permitting, feed-in tariff
Other Ontario Wind Projects	130	Two larger projects, feed-in tariff
Québec RFP 1 Projects	123	PPA's from Hydro Quebec 1,000 MW RFP
Québec Community Wind	200	Several 25-50 MW projects; 2 years of wind data; Hydro Quebec RFP announced
Other Québec Wind Projects	1,000	Several sites, 52 met towers, 2-4 years of wind data, holding for future RFPs
Solar Power		
Ontario	100	Optioning land, obtaining connection rights, feed-in tariff
Total	**2,400+**	
Wind, Solar and Hydro	600	Project Acquisitions under consideration

NORTHLAND POWER INCOME FUND

Fund Retains Ample Liquidity

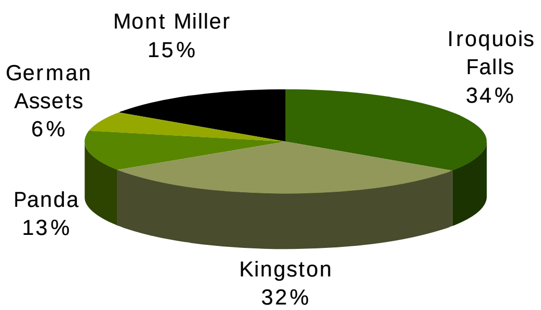
- NPI projects fully-financed with non-recourse debt at the project level and equity investment from NPI
  - No bullet maturities prior to 2015 for Fund or NPI assets
- Existing $95 million line of the Fund to be extended by Closing
- Revolving credit facility plus availability of non-recourse project level debt should enable additional investment up to $600 million without the need for equity

Transaction Rationale – Asset Portfolio

- Creates an 872 MW portfolio of power production assets with no single project representing more than 30% of net capacity

Total Net Capacity *(MW)*

NPIF Today

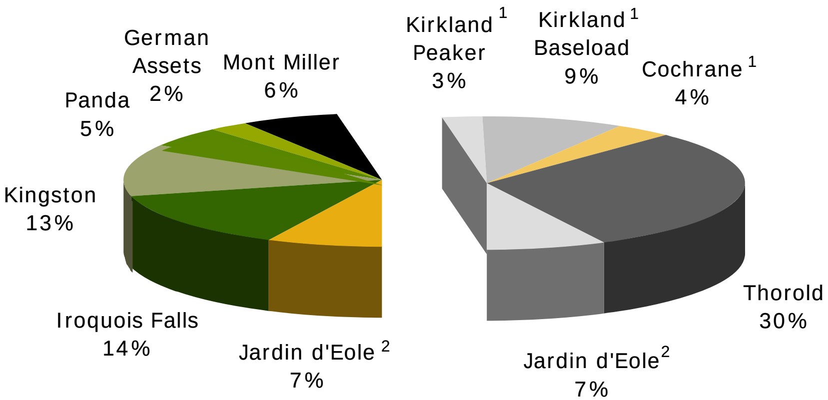


Total = 349 MW

NPIF Pro Forma

NPIF

NPI



Total = 872 MW

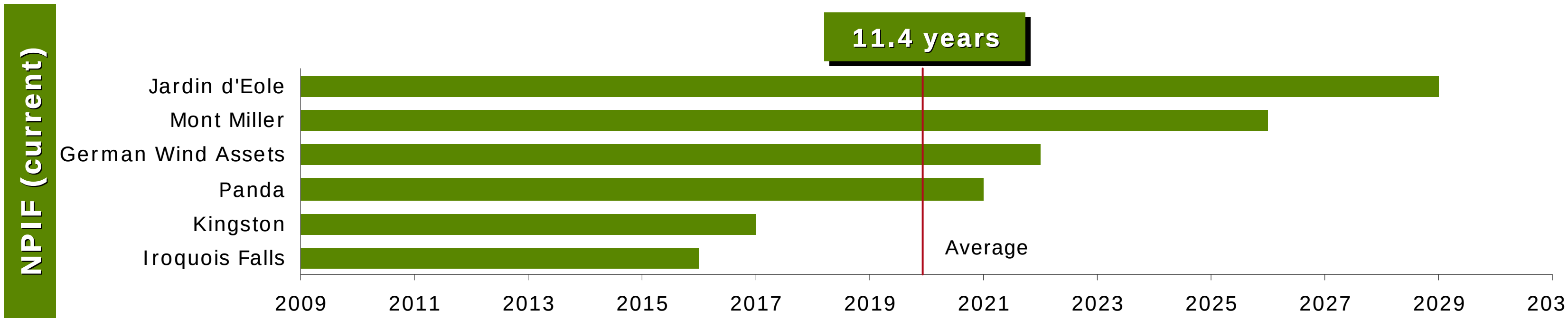
[1] Represents 75% financial interests in Kirkland and Cochrane under management agreements after meeting investor return expectations.
[2] NPIF and NPI each contribute 50% of the pro forma MW with respect to Jardin d'Eole, assuming NPIF exercises its option to convert debt into equity.

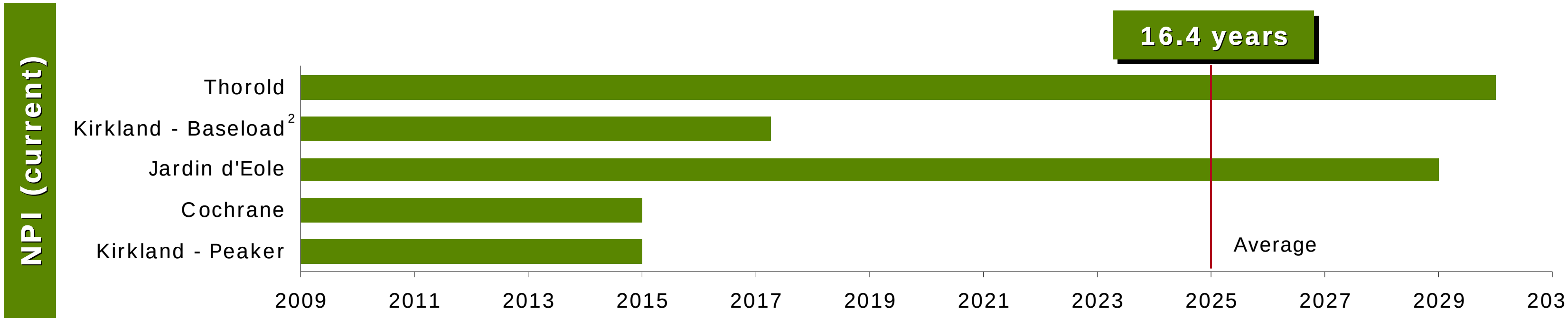
NORTHLAND POWER INCOME FUND

Transaction Rationale – Extended PPA Life

- Adds assets with average PPA life of 16.4 yrs. to Fund's 11.4 yrs.

Weighted-Average PPA Duration of NPIF and NPI[1]





Will stretch the Fund's maturity profile to 14.0 years

[1] PPA duration weighted by net capacity of each project.
[2] Weighted average PPA for Kirkland natural gas baseload expiring in 2015 and wood rates in 2030.

NORTHLAND POWER INCOME FUND

Summary

- Maintains income trust model
  - Maintains cash distribution of $1.08 per unit
    - $600 million in CCA tax pools defers SIFT tax
- Accretive to cash flow available for distribution
- Alignment of management interests through significant ownership interest and Long Term Incentive Plan
- Provides 459 MW portfolio of assets in addition to development expertise and 3,600 MW pipeline
- Ample liquidity to meet distributions, capital expenditures and development requirements
- Independent Trustees' recommendation to vote in favour of the Transaction