



**For Immediate Release**

**NORTHLAND POWER INCOME FUND ANNOUNCES AMENDMENT TO MERGER TRANSACTION WITH NORTHLAND POWER INC.**

**Change Could Reduce Unit Purchase Consideration by up to 18%**

**Annual and Special Meeting Will Proceed as Scheduled on June 22<sup>nd</sup>, 2009**

TORONTO, ONTARIO, CANADA – June 16, 2009 – Northland Power Income Fund (the “Fund”) (NPI.UN – TSX) today announced an amendment (the “Amendment”) to the terms of its proposed merger with Northland Power Inc. (“NPI”). The Amendment provides for a reduction of up to 18% in the consideration paid in units by the Fund under defined circumstances should NPI’s development activities not achieve specified measures of success.

The Amendment effectively transfers most of the risk relating to NPI’s development activities from the Fund to NPHI Holdings Inc. and senior management of NPI (collectively the “Sellers”). It provides for a reduction in the consideration paid by the Fund to the Sellers of up to 7.5 million Class A Exchangeable Units and Replacement Rights should it be determined within two years after closing that the “Development Profit” attributed to NPI’s project development pipeline is less than \$75 million. The potential reduction represents up to 18% of the total number of Class A Exchangeable Units and Replacement Rights that could otherwise be converted to Fund units on or after July 6, 2011 (the “Conversion Date”).

“The Amendment responds to concerns about the value of NPI’s development activities that have been raised by certain institutional investors,” said John Brace, Chief Executive Officer of NPI and of the Fund’s manager. “It transfers the majority of the development risk to the Sellers. The Sellers are willing to assume that risk because they are confident that the NPI development pipeline will demonstrate its worth in the next two years and will provide significant accretion to Fund unitholders. But if the expected development success is not attained, the Amendment will enhance downside protection to unitholders. In such an event the 18% reduction in Fund units will result in accretion of up to 8% compared to 3% accretion under the original transaction terms.”

The Independent Trustees of the Fund have agreed to the Amendment and consider that it provides additional support for the price agreed to be paid by the Fund for NPI and thus additional protection for unitholders.

Mr. Brace notes that, even before this Amendment, the RiskMetrics Group recommended that NPIF Unitholders vote in favour of the merger.

“We believe that this Amendment makes a good deal even better and we encourage unitholders to support the merger,” Mr. Brace said. “We look forward to completing this

transaction which we believe helps to secure the Fund's future by providing significant growth potential.”

Further details of the Amendment will be filed at [www.sedar.com](http://www.sedar.com) and will be available at the Fund's website [www.npifund.com](http://www.npifund.com). In summary: the Amendment provides that if, by the Conversion Date, NPI's development activities have not demonstrated that they have provided any "Development Profit" to the Fund then all 7.5 million units will be cancelled without any compensation to the Sellers. If NPI falls short in demonstrating that \$75 million of "Development Profit" has been achieved for the Fund, then a portion of the 7.5 million Class A Exchangeable Units and Replacement Rights proportionate to the shortfall will be cancelled. The Development Profit will be determined at the Conversion Date by management, the Independent Trustees and their independent advisors with reference to projects for which Power Purchase Agreements (PPAs) have been signed before the Conversion Date.

All other provisions of the transactions, as described in the Notice of Meeting and Management Information Circular dated May 1, 2009, remain unchanged with the exception of the previously announced amendments to the Fund's proposed LTIP. The merger through acquisition of NPI by the Fund and related transactions must be approved by unitholders of Northland Power Income Fund at the Annual and Special Meeting which remains scheduled for June 22, 2009 at 11:00 a.m. (Toronto time) to be held at the TSX Conference Centre, Exchange Tower, 130 King Street West, Toronto, Ontario.

Fund unitholders are reminded that the deadline to vote proxies to be used at the Annual and Special Meeting is no later than 11:00 a.m. (Toronto time) on Thursday June 18, 2009.

Unitholders can obtain more information about the transactions, the Fund, and NPI by reviewing the Management Information Circular or visiting [www.npifund.com](http://www.npifund.com). For information about voting, Unitholders are invited to contact the Fund's proxy solicitation agent, Georgeson, at the number provided below.

### **About the Fund**

Northland Power Income Fund is a Canadian income trust that indirectly owns equity interests in six power projects, which efficiently and cleanly produce electricity and steam for sale under long-term contracts. The Fund's natural-gas-fired power plants and wind farms are located in Canada, the United States and Germany.

The Fund's Units and convertible debentures trade on the Toronto Stock Exchange under the symbols NPI.UN and NPI.DB respectively.

### **About NPI**

NPI is a privately owned, Canadian developer, operator and owner of power plants. NPI has 459 megawatts of generating projects in operation or under construction and more than 3,600 megawatts in development. Of the projects in development, NPI has pre-qualified to bid 1,230 megawatts being procured by the Ontario Power Authority and SaskPower through competitive processes, and has over 550 megawatts of projects under development which are not expected to be subject to competitive bidding processes, including over 400 megawatts of hydro-based generation opportunities.

### **FORWARD LOOKING STATEMENTS**

*The disclosure above contains certain forward-looking statements. Although these forward-looking statements are based upon Northland Power Income Fund's Manager's current*

*reasonable expectations and assumptions, they are subject to numerous risks and uncertainties including those set out in the management's discussion and analysis section of the Fund's 2008 annual report, the Fund's Annual Information Form dated March 13, 2009, and the Management Information Circular dated May 1, 2009, certain of which are beyond the Manager's control. For this purpose, any statements that are contained herein that are not statements of historical fact may be forward-looking statements. The Fund's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or what benefits, including the amount of distributions, the Fund and Unitholders will derive therefrom. In particular the statements concerning expected accretion are forward-looking statements. The material factors used to develop these statements include projections of selling prices for electricity and natural gas, operating performance of the plants which affects electricity production, the wind resource for the wind farms, the cost of natural gas, plant maintenance and operating costs, and the financing strategy and financing-related costs including interest rates. The purpose of these statements is to enable Unitholders to determine the merits of the proposed transactions. They may not be appropriate for other purposes.*

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