

## NORTHLAND POWER INCOME FUND ANNOUNCES 2004 RESULTS AND EXPECTED DISTRIBUTIONS IN 2005

*Net income in 2004 was up 44% from 2003 while distributable cash of \$1.06 per trust unit topped the prior year by 14% and comfortably exceeded distributions declared to Unitholders of \$1.00 per unit.*

Toronto, February 22, 2005 – Northland Power Income Fund (the “Fund”) today reported its financial results for the quarter and 12 months ended December 31, 2004.

### FINANCIAL AND OPERATING RESULTS

	3 Months Ended Dec. 31		Year Ended Dec. 31	
	2004	2003	2004	2003
<b>FINANCIAL</b> (thousands, except per unit amounts)				
Sales	\$25,225	\$24,521	\$90,939	\$91,132
Net income	\$5,357	\$5,204	\$27,138	\$18,808
Funds from operations before changes in working capital	\$17,082	\$11,679	\$51,571	\$35,953
Distributable cash	\$16,910	\$11,260	\$50,843	\$34,482
Distributions declared to Unitholders	\$12,338	\$10,837	\$47,916	\$36,926
<i>Units Outstanding at Quarter End</i>	47,916	47,916	47,916	47,916
<i>Average Number of Units Outstanding - basic</i>	47,916	39,544	47,916	36,970
<i>Average Number of Units Outstanding - diluted</i>	53,116	39,544	49,720	36,970
<b>Per Unit – basic</b>				
Funds from operations before changes in working capital changes	\$0.357	\$0.295	\$1.076	\$0.972
Distributable cash	\$0.353	\$0.285	\$1.061	\$0.933
Distributions declared to Unitholders	\$0.257	\$0.260	\$1.000	\$0.980
<b>OPERATIONS</b>				
Electricity sales volume (megawatthours)	217,287	225,602	807,812	803,022
Steam sales volume (thousands of pounds)	282,935	305,793	1,066,908	1,153,462
Fuel consumption (thousands of gigajoules)	2,039	2,116	7,651	7,750

### Overview

For the three-month period ended December 31, 2004, the Fund generated distributable cash of \$16.9 million which exceeded the same quarter in 2003 by \$5.7 million. On a per-unit basis, distributable cash of \$0.353 per trust unit was up 24% from last year. Readers should refer to the schedule of Supplemental Distributable Cash Information for the calculation of funds from operations before changes in working capital and distributable cash (both non-GAAP financial measures). Distributions to Unitholders declared for the quarter totaled \$0.2575 per unit.

The consolidated net income of the Fund at \$5.4 million for the quarter was up marginally from last year as investment income earned on the Panda Energy Corporation investment and senior loan to its subsidiary exceeded the amount of a non-cash expense related to the restatement of the U.S. dollar senior loan balance to the year-end Canadian dollar exchange rate.

For the 12 months to December 31, 2004, net income was \$27.1 million compared to \$18.8 million for the same period last year. Distributable cash at \$50.8 million exceeded 2003 by 47%. Distributable cash per unit was \$1.06 compared to \$0.93 last year while distributions declared to Unitholders totalled \$1.00 per unit, up \$0.02 from 2003. Distributions to Unitholders in 2004 were 33.1% tax-deferred. The tax-deferred portion of distributions represents a return of capital for Canadian income tax purposes, and reduces the adjusted cost base of the trust units.

### Fourth Quarter Highlights

Income from operations at the Iroquois Falls plant exceeded Q4 of 2003 as a sale of emission allowances for \$0.5 million and increased sales of natural gas offset lower electricity and steam sales.

The Kingston plant's financial performance during the quarter surpassed 2003, as an increase in gross profit was combined with lower operating costs. In December 2004 KCLP signed a new long-term service agreement with GE under which GE takes on additional responsibilities and risks associated with scheduled and unscheduled maintenance of the Kingston facility's gas turbine.

The Panda Energy Corporation investment and senior loan generated investment income of \$3.4 million this quarter through a combination of interest and dividend payments. Investment income met expectations; financial results at the Panda-Brandywine and Panda-Rosemary plants exceeded budget.

On December 15, 2004 the Fund purchased an additional 25% general partner interest in Kingston CoGen Limited Partnership for \$36.5 million, thereby increasing its ownership interest to 50% in the Kingston facility, a plant that the Fund knows well. The purchase was funded by drawing against the Fund's acquisition line of credit.

During the quarter the Fund announced that an agreement had been concluded to sell the Panda-Rosemary plant located in North Carolina on terms that are advantageous to the Fund; Panda-Rosemary LP indirectly accounted for approximately 20% of the investment income generated by the Fund's PEC investment and loan. The sale to Dominion Virginia Power closed on February 8, 2005. At closing the Fund received US\$23.7 million of which approximately US\$18.9 million was applied to reduce the senior loan balance with the remaining \$4.8 million representing fees related to the transaction and a dividend from PEC. The interest rate on the balance of the Fund's senior loan has been increased by 0.4% to 10.9% for the remainder of its term. The Panda-Rosemary transaction will result in a one-time increase in distributable cash of approximately \$0.10 per unit in the first quarter of 2005. In addition, the Fund's exposure to future exchange rate fluctuations has been reduced by 20%.

The proceeds of the Panda-Rosemary transaction have been applied to repay a significant portion of the amount drawn against the Fund's acquisition line of credit to acquire the additional Kingston CoGen interest in December 2004.

Quarterly financial statements, annual audited financial statements and MD&A are available at [www.SEDAR.com](http://www.SEDAR.com) or on the Fund's website at [www.NPIFund.com](http://www.NPIFund.com).

## **Outlook for 2005**

The rate of monthly distributions to Unitholders has been increased in February 2005 to \$0.085 per trust unit from \$0.0825 in January. Distributions to Unitholders in 2005 are anticipated to be \$1.02 per unit, a \$0.02 per unit increase over 2004.

Management expects the Fund's 2005 financial results to exceed those in 2004 for several reasons:

- The Fund has increased its investment in Kingston CoGen from 25% to 50%,
- Payments resulting from the closing of the Panda-Rosemary sale on February 8, 2005 are expected to increase profits in 2005, and
- The Mont Miller project is expected to contribute to financial results once it becomes operational, scheduled for March 2005.

The Fund continues to seek acquisition opportunities that meet its criteria for increasing distributions while also protecting the Fund's current risk profile.

With respect to the previously announced 150 MW Saint-Ulric/Saint-Léandre and 100.5 MW Saint-Louis wind power projects, Northland Power Inc., the parent of the Fund's Manager, expects to finalize commercial arrangements with the key project suppliers in the near future in anticipation of executing power purchase agreements with Hydro-Québec. Any investment by the Fund is subject to the prior approval of a committee of the independent trustees, which management expects to seek for the first project in 2006.

John Brace, President and CEO of the Manager of the Fund, said: *"We are pleased to report significantly improved results in 2004, reflecting the positive impact of our investments in the Kingston facility and the Panda-Brandywine and*

*Panda-Rosemary projects. We expect 2005's financial performance to exceed 2004's due to contributions from the increased investment in Kingston, startup of the Mont Miller wind power project in March, and closing of the sale of the Panda-Rosemary plant early in 2005. We are also pleased with the strength of the Fund's unit price in 2004 relative to its peers in the power sector, which helped produce a one-year combined return to Unitholders of 29%."*

## **About Northland Power Income Fund**

*Northland Power Income Fund indirectly owns interests in four power projects: three combined-cycle cogeneration power plants that efficiently and cleanly produce electricity and steam for sale and one wind power project. Two cogeneration plants are located in Ontario: the 120 megawatt (MW) Iroquois Falls Facility that has been wholly-owned by the Fund since its inception in 1997, and the 110 MW Kingston Facility of which the Fund now owns 50%. Through its 19% equity interest in PEC and loan to a PEC subsidiary, the Fund has an interest in the 230 MW Panda-Brandywine cogeneration power plant located just outside Washington, D.C. Electricity and steam sales from the cogeneration plants are made under long-term contracts with creditworthy entities to ensure revenue stability, and long-term contracts assure the supply and price of natural gas, which is the Fund's largest cost. The Fund is currently constructing a 54 MW wind power project on Mont Miller near Murdochville in the Gaspésie region of Quebec. It is anticipated that this project will commence deliveries of electricity to Hydro-Québec in March 2005 under the terms of a power purchase agreement that will expire in 2026.*

*The Fund's trust units and convertible debentures trade on the Toronto Stock Exchange under the symbols NPI.UN and NPI.DB respectively. The units and debentures are qualified investments, and are not considered foreign property for RRSPs and DPSs under the Canadian Income Tax Act.*

## **FORWARD LOOKING STATEMENTS**

*The above disclosure contains certain forward-looking statements. Although these forward-looking statements are based upon current expectations and assumptions, they are subject to numerous risks and uncertainties, certain of which are beyond the Fund's control. 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 there from.*

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# NORTHLAND POWER INCOME FUND

## Consolidated Balance Sheets

(stated in thousands)

### ASSETS

	<i>Dec. 31, 2004</i>	<i>Dec. 31, 2003</i>
	<i>(Unaudited)</i>	
<b>Current</b>		
Cash and cash equivalents	\$ 18,617	\$ 12,808
Cash reserves	1,937	1,501
Accounts and other receivables	22,444	8,853
Inventories	2,493	2,189
Prepaid expenses	4,438	1,208
Current portion of senior loan receivable	24,001	916
<b>Total current assets</b>	<b>73,930</b>	<b>27,475</b>
Deferred charges	8,369	3,500
Capital assets, net	397,367	275,007
Investment in Panda Energy Corporation	7,946	7,946
Senior loan receivable	86,935	119,659
Future income tax asset	1,140	1,665
	<b>\$ 575,687</b>	<b>\$ 435,252</b>

### LIABILITIES AND UNITHOLDERS' EQUITY

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 9,653	\$ 7,099
Current portion of Kingston CoGen Limited Partnership debt	3,812	1,578
Distribution payable to Unitholders	4,432	4,792
<b>Total current liabilities</b>	<b>17,897</b>	<b>13,469</b>
Bank credit facility	37,300	-
Kingston CoGen Limited Partnership debt	65,550	34,065
Construction and term loan	23,000	-
Convertible debentures	65,000	-
	<b>208,747</b>	<b>47,534</b>
<b>Trust units</b>	<b>468,641</b>	<b>468,641</b>
<b>Deficit</b>	<b>(101,701)</b>	<b>(80,923)</b>
<b>Unitholders' equity</b>	<b>366,940</b>	<b>387,718</b>
	<b>\$ 575,687</b>	<b>\$ 435,252</b>

**NORTHLAND POWER INCOME FUND**  
**Consolidated Statements of Income and Deficit**  
(unaudited, stated in thousands except per unit amounts)

	<b>3 Months Ended Dec. 31</b>		<b>12 Months Ended Dec. 31</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Sales</b>				
Electricity	\$ 21,008	\$ 21,281	\$ 73,845	\$ 72,646
Steam	1,608	1,786	6,359	6,723
Natural Gas	2,159	1,454	10,285	11,763
Emission Allowances	450	-	450	-
<b>Total sales</b>	<b>25,225</b>	<b>24,521</b>	<b>90,939</b>	<b>91,132</b>
<b>Cost of sales</b>	<b>9,868</b>	<b>9,500</b>	<b>39,470</b>	<b>40,354</b>
<b>Gross profit</b>	<b>15,357</b>	<b>15,021</b>	<b>51,469</b>	<b>50,778</b>
<b>Expenses</b>				
Plant operating costs	1,757	2,617	8,792	9,345
Amortization	3,140	2,888	12,372	15,762
Management and administration costs	1,430	874	3,745	2,970
	<b>6,327</b>	<b>6,379</b>	<b>24,909</b>	<b>28,077</b>
<b>Investment income</b>	<b>3,363</b>	<b>563</b>	<b>13,871</b>	<b>563</b>
<b>Income from operations</b>	<b>12,393</b>	<b>9,205</b>	<b>40,431</b>	<b>23,264</b>
Foreign exchange	5,487	1,445	8,677	15
Amortization of deferred charges	158	-	321	877
Interest (income)	(75)	(173)	(265)	(778)
Interest expense and bank fees	1,026	738	3,944	4,003
<b>Income before income taxes</b>	<b>5,797</b>	<b>7,195</b>	<b>27,754</b>	<b>19,147</b>
<b>Provision for (recovery of) income taxes</b>				
Current	-	1	91	-
Future	440	1,990	525	339
	<b>440</b>	<b>1,991</b>	<b>616</b>	<b>339</b>
<b>Net income for the period</b>	<b>\$ 5,357</b>	<b>\$ 5,204</b>	<b>\$ 27,138</b>	<b>\$ 18,808</b>
Deficit, beginning of period	(94,720)	(75,290)	(80,923)	(62,805)
Distributions declared to Unitholders for the period	(12,338)	(10,837)	(47,916)	(36,926)
<b>Deficit, end of period</b>	<b>\$ (101,701)</b>	<b>\$ (80,923)</b>	<b>\$ (101,701)</b>	<b>\$ (80,923)</b>
<b>Average number of units outstanding - basic</b>	<b>47,916</b>	<b>39,544</b>	<b>47,916</b>	<b>36,970</b>
<b>Average number of units outstanding - diluted</b>	<b>53,116</b>	<b>39,544</b>	<b>49,720</b>	<b>36,970</b>
<b>Net income per trust unit- basic</b>	<b>\$ 0.112</b>	<b>\$ 0.132</b>	<b>\$ 0.566</b>	<b>\$ 0.509</b>
<b>Net income per trust unit - diluted</b>	<b>\$ 0.102</b>	<b>\$ 0.132</b>	<b>\$ 0.548</b>	<b>\$ 0.509</b>

## NORTHLAND POWER INCOME FUND

### Consolidated Statements of Cash Flows

(unaudited, stated in thousands except per unit amounts)

	<i>3 Months Ended Dec. 31</i>		<i>12 Months Ended Dec. 31</i>	
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
<b>Operating activities</b>				
Net income for the period	\$ 5,357	\$ 5,204	\$ 27,138	\$ 18,808
Add (deduct) items not involving cash:				
Amortization	3,140	2,888	12,372	15,762
Amortization of deferred charges	158	-	321	877
Future income taxes	440	1,990	525	339
Loss on disposal of assets	2,500	152	2,538	152
Foreign exchange	5,487	1,445	8,677	15
	<b>17,082</b>	<b>11,679</b>	<b>51,571</b>	<b>35,953</b>
Net change in non-cash working capital balances related to operations	25	(4,070)	(4,162)	4,925
<b>Cash provided by operating activities</b>	<b>17,107</b>	<b>7,609</b>	<b>47,409</b>	<b>40,878</b>
<b>Investing activities</b>				
Cash reserves drawdown	1,642	(227)	109	107
Receipts of principal on senior loan	178	-	941	-
Investment in Mont Miller	(32,611)	-	(32,611)	-
Net change in non-cash working capital balances related to Mont Miller	(10,673)	-	(10,673)	-
Investment in Panda Energy Corporation	-	(7,946)	-	(7,946)
Loan to Panda Interfunding Company LLC	-	(122,053)	-	(122,053)
Investment in KCLP	-	-	(2,478)	-
Deferred charges	(1,015)	(2,406)	(2,573)	(2,406)
Proceeds from sale of gas turbines	-	5,531	-	5,531
Purchase of capital assets	(26,490)	(628)	(67,166)	(1,496)
<b>Cash provided by (used in) investing activities</b>	<b>(68,969)</b>	<b>(127,729)</b>	<b>(114,451)</b>	<b>(128,263)</b>
<b>Financing activities</b>				
Decrease in bank indebtedness	-	-	-	(721)
Net proceeds from convertible debenture receipts	-	-	61,788	-
Kingston CoGen Limited Partnership repayments of debt, net	146	164	(961)	(754)
Proceeds from construction and term loan	23,000	-	23,000	-
Credit facility increase (decrease)	37,300	-	37,300	(44,070)
Net proceeds from issuance of trust units	-	-	-	70,717
Net proceeds from issuance of subscription receipts	-	107,772	-	107,772
Distributions to Unitholders	(11,859)	(9,067)	(48,276)	(35,216)
<b>Cash provided by (used in) financing activities</b>	<b>48,587</b>	<b>98,869</b>	<b>72,851</b>	<b>97,728</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>(3,275)</b>	<b>(21,251)</b>	<b>5,809</b>	<b>10,343</b>
Cash and cash equivalents, beginning of the period	21,892	34,059	12,808	2,465
<b>Cash and cash equivalents, end of period</b>	<b>\$ 18,617</b>	<b>\$ 12,808</b>	<b>\$ 18,617</b>	<b>\$ 12,808</b>
<b>PER UNIT</b>				
Distributions declared to Unitholders	\$ 0.2575	\$ 0.2600	\$ 1.000	\$ 0.980

**NORTHLAND POWER INCOME FUND**  
**Supplemental Distributable Cash Information**  
(unaudited, stated in thousands, except per unit amounts)

	<b>3 Months ended Dec. 31</b>		<b>12 Months ended Dec. 31</b>	
	<b>2004</b>	<b>2003 <sup>(1)</sup></b>	<b>2004</b>	<b>2003 <sup>(1)</sup></b>
<b>Cash provided by operating activities</b>	<b>\$ 17,107</b>	<b>\$ 7,609</b>	<b>\$ 47,409</b>	<b>\$ 40,878</b>
Net change in non-cash working capital balances	(25)	4,070	4,162	(4,925)
<b>Funds from operations before working capital changes <sup>(2)</sup></b>	<b>\$ 17,082</b>	<b>\$ 11,679</b>	<b>\$ 51,571</b>	<b>\$ 35,953</b>
Capital expenditures	(26,490)	(628)	(67,166)	(1,496)
Add back: expansionary capital expenditures	25,308	294	65,589	757
Cash reserve drawdown	708	(227)	956	107
Kingston CoGen Limited Partnership repayment of debt, net	146	164	(961)	(754)
Funds set aside for future maintenance	(22)	(22)	(87)	(85)
Receipts of principal on senior loan	178	-	941	-
<b>Distributable cash <sup>(2)</sup></b>	<b>\$ 16,910</b>	<b>\$ 11,260</b>	<b>\$ 50,843</b>	<b>\$ 34,482</b>
<b>Distributions declared to Unitholders</b>	<b>\$ 12,338</b>	<b>\$ 10,837</b>	<b>\$ 47,916</b>	<b>\$ 36,926</b>
<b>Average number of trust units - basic (thousands of units)</b>	<b>47,916</b>	<b>39,544</b>	<b>47,916</b>	<b>36,970</b>
<b>Per unit (\$/unit)</b>				
Funds from operations before working capital changes <sup>(2)</sup>	\$ 0.3565	\$ 0.2953	\$ 1.0763	\$ 0.9725
Distributable cash <sup>(2)</sup>	\$ 0.3529	\$ 0.2847	\$ 1.0611	\$ 0.9327
Distributions declared to Unitholders	\$ 0.2575	\$ 0.2600	\$ 1.0000	\$ 0.9800

- (1) Comparative calculations for 2003 have been adjusted to reflect the 2004 calculations which Management believes are more consistent with the methodology used by financial analysts and others to determine the amount of "distributable cash" and similar non-GAAP measures such as "free cash flow" for income trusts.
- (2) Distributable cash and funds from operations before working capital changes are not measures under GAAP, and there is no standardized measure of distributable cash and funds from operations before working capital changes. Distributable cash and funds from operations before working capital changes, as presented, may not be comparable to similar measures presented by other income funds. The Manager believes that these measures are widely accepted financial indicators used by investors to assess the performance of an income trust, and its ability to generate cash through operations. This is especially true of the Fund, which pays out virtually all of its cash in regular distributions.

**NORTHLAND POWER INCOME FUND**  
**Supplemental Facility Information**  
*(Unaudited, stated in thousands, except as indicated otherwise)*

**Iroquois Falls Facility**

		<b>3 Months Ended Dec. 31</b>		<b>12 Months Ended Dec. 31</b>	
		<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Sales Volume</b>					
Electricity	(MWh)	183,954	192,633	693,851	678,625
Steam	(000 lb.)	262,119	286,517	993,951	1,081,551
Fuel Consumption	(000 GJs)	1,729	1,815	6,574	6,603
<b>Sales</b>					
Electricity		\$ 16,913	\$ 17,354	\$ 59,918	\$ 57,879
Steam		1,479	1,651	5,906	6,282
Natural Gas		1,124	529	6,250	7,458
Other		450	-	450	-
<b>Total sales</b>		<b>\$ 19,966</b>	<b>\$ 19,534</b>	<b>\$ 72,524</b>	<b>\$ 71,619</b>
<b>Cost of sales</b>					
Gas Consumed		6,685	6,922	26,039	25,286
Gas Resold		741	281	4,368	5,822
		7,426	7,203	30,407	31,108
<b>Gross profit</b>		<b>\$ 12,540</b>	<b>\$ 12,331</b>	<b>\$ 42,117</b>	<b>\$ 40,511</b>
Plant Operating costs		\$ 1,760	\$ 1,696	\$ 6,362	\$ 7,026
Capital Expenditures		\$ 5	\$ 344	\$ 74	\$ 1,142

**Kingston Facility**

		<b>3 Months Ended Dec. 31</b>		<b>12 Months Ended Dec. 31</b>	
		<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Sales Volume</b>					
Electricity	(MWh)	33,333	32,969	113,961	124,397
Steam	(000 lb.)	20,816	19,276	72,957	71,911
Fuel Consumption	(000 GJs)	310	301	1,077	1,147
<b>Sales</b>					
Electricity		\$ 4,095	\$ 3,927	\$ 13,927	\$ 14,767
Steam		129	135	453	441
Natural Gas		1,035	925	4,035	4,305
Other		-	-	-	-
<b>Total sales</b>		<b>\$ 5,259</b>	<b>\$ 4,987</b>	<b>\$ 18,415</b>	<b>\$ 19,513</b>
<b>Cost of sales</b>					
Gas Consumed		1,929	1,815	7,081	7,087
Gas Resold		513	482	1,982	2,159
		2,442	2,297	9,063	9,246
<b>Gross profit</b>		<b>\$ 2,817</b>	<b>\$ 2,690</b>	<b>\$ 9,352</b>	<b>\$ 10,267</b>
Plant Operating costs		\$ (3)	\$ 921	\$ 2,430	\$ 2,319
Capital Expenditures		\$ 1,179	\$ 284	\$ 1,504	\$ 354