



**NORTHLAND POWER
INCOME FUND**

**30 St. Clair Avenue West, 17th Floor
Toronto, Ontario
M4V 3A1**

**MANAGEMENT INFORMATION CIRCULAR
January 2, 2007**

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GLOSSARY OF TERMS

In this Management Information Circular, the following terms have the meanings set forth below unless otherwise indicated:

“**ADP**” means ADP Investor Communications.

“**Amalco**” means the corporation formed as a result of the amalgamation of MFC and Kingston Cogen.

“**Amalco Class A Share**” means a class A share in the capital stock of Amalco.

“**Amalco Class B Share**” means a class B share in the capital stock of Amalco.

“**Amalco Common Share**” means a common share in the capital stock of Amalco.

“**Beneficial Unitholders**” has the meaning ascribed to such term under the heading “Voting of Units – Advice to Beneficial Holders of Securities”.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Computershare**” means Computershare Trust Company of Canada.

“**CRA**” means the Canada Revenue Agency.

“**CT**” means NPIF Commercial Trust.

“**CT Board of Trustees**” or “**CT Trustees**” means the board of trustees of CT.

“**CT Management Agreement**” means the management agreement made as of July 1, 2003 between CT and the Manager.

“**CT Notes**” means the Unsecured Note, Series 1, Class A No. 2 of CT dated December 15, 2003 issued to the Fund in the amount of \$145,215,000.00; the Unsecured Note, Series 1, Class A No. 3 of CT dated August 5, 2004 issued to the Fund in the amount of \$23,850,000; the Unsecured Note, Series 1, Class A No. 4 of CT dated August 26, 2004 issued to the Fund in the amount of \$25,699,590; the Unsecured Note, Series 1, Class A No. 5 of CT dated March 23, 2006 issued to the Fund in the principal amount of \$157,500,000; and the Unsecured Note, Series 1, Class A No. 6 of CT dated April 26, 2006 issued to the Fund in the principal amount of \$4,500,000.

“**CT Trust Indenture**” means the supplemental and restated trust indenture dated as of July 1, 2003, as amended by the First Amendment dated as of February 17, 2005 and the Second Amendment dated as of February 15, 2006, which governs CT.

“**CT Unit**” means a unit of CT.

“**Deferred Income Plans**” means registered retirement savings plans, registered retirement income funds and deferred profit sharing plans.

“**Fund**” means Northland Power Income Fund.

“**Fund Trustee**” means Computershare Trust Company of Canada, trustee of the Fund.

“**Fund Trust Indenture**” means the supplemental and restated trust indenture dated as of July 1, 2003, as amended by the First Amendment dated as of February 17, 2005, which governs the Fund.

“**KCLP**” means Kingston Cogen Limited Partnership, a limited partnership organized under the laws of the Province of Ontario.

“**KCLP GP Unit**” means a general partnership unit in KCLP.

“**KCLP LP Unit**” means a limited partnership unit in KCLP.

“**KCLP Units**” means the KCLP GP Units and the KCLP LP Units.

“**Kingston Cogen**” means NPIF Kingston Cogen Inc., a corporation amalgamated under the OBCA.

“**Kingston Facility**” means the 110 MW natural gas-fired combined-cycle cogeneration plant located near Kingston, Ontario, owned by the Fund through KCLP.

“**Kingston GP Co**” means NPIF Kingston GP Inc., a corporation incorporated under the OBCA.

“**Kingston Holdings LP**” means NPIF Kingston L.P., a limited partnership organized under the laws of the Province of Ontario.

“**Kingston Holdings GP Unit**” means a general partnership unit in Kingston Holdings LP.

“**Kingston Holdings LP Unit**” means a limited partnership unit in Kingston Holdings LP.

“**Management Information Circular**” means this Management Information Circular dated January 2, 2007.

“**Manager**” means Northland Power Income Fund Management Inc., the manager and administrator of the Fund.

“**Meeting**” means the special meeting of unitholders of the Fund to be held on January 30, 2007.

“**MFC**” means a corporation to be incorporated under the OBCA.

“**MFC Class A Share**” means a class A share in the capital stock of MFC.

“**MFC Class B Share**” means a class B share in the capital stock of MFC.

“**MFC Common Share**” means a common share in the capital stock of MFC.

“**New Amalco**” means the corporation formed as a result of the amalgamation of Newco and Amalco.

“**Newco**” means a corporation incorporated under the OBCA to hold the KCLP GP Unit.

“**Notice of Meeting**” means the notice of meeting attached to this Management Information Circular dated January 2, 2007.

“**OBCA**” means the *Business Corporations Act* (Ontario).

“**Record Date**” means December 22, 2006.

“**Redesignation**” means the redesignation of all but one of the KCLP GP Units into KCLP LP Units.

“**Regulations**” means the *Income Tax Regulations*.

“**Reorganization**” means the proposed internal reorganization of the Fund and certain of its subsidiaries as described in this Management Information Circular.

“**RESPs**” means registered education savings plans.

“**Right of Renunciation**” means the right of CT to renounce, release and surrender all of its interest in the Fund for no consideration without being considered or deemed to have received proceeds of disposition on the renunciation.

“**Ruling**” means an advance income tax ruling in respect of the Reorganization that confirms that, provided that specific conditions are satisfied, each step of the Reorganization will occur on a tax-deferred or non-recognition basis for the Fund, its subsidiaries and Unitholders resident in Canada.

“**Special Resolutions**” mean (a) the special resolution of Unitholders approving the Reorganization and certain amendments to the Fund Trust Indenture related to the Reorganization and (b) the special resolution of Unitholders approving amendments to the Fund Trust Indenture and the CT Trust Indenture modifying the process for determining the amount of cash distributions to be made by the Fund or CT, as the case may be, and extending the time frame in which the Fund Trustee may set the record date for meetings of Unitholders and in which the CT Trustees may set the record date for meetings of unitholders of CT.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Trustco**” means Computershare Trust Company of Canada, in its capacity as registrar and transfer agent of the Fund.

“**Trust Indentures**” means the Fund Trust Indenture and CT Trust Indenture.

“**Units**” means trust units of the Fund.

“**Unitholders**” means the holders of the Units.

“**Voting Form**” means the voting instruction form mailed by ADP to Beneficial Unitholders.

SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies by the Manager on behalf of the Fund Trustee for the Special Meeting of Unitholders to be held at the offices of Borden Ladner Gervais LLP, 44th floor, Scotia Plaza, 40 King Street West, Toronto, Ontario on Tuesday, January 30, 2007 at 11:00 a.m. Toronto time. Except where otherwise indicated, this Management Information Circular contains information as of the close of business on December 20, 2006. 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 PROXIES

The persons named in the enclosed form of proxy are officers of the Manager. **A 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 Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 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 Computershare 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 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 for or against 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 the Reorganization, amendments to the Fund Trust Indenture described in this Management Information Circular and directions and instructions to the Fund Trustee as to the manner in which the Fund Trustee shall vote the CT Units in respect of certain amendments proposed to the CT Trust Indenture, in accordance with the specifications made by Unitholders in the manner referred to above. **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 those matters to be acted upon as set out in this Management Information Circular.**

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 December 20, 2006, the Fund had outstanding 62,333,383 Units, each of which carries the right to one vote at meetings of the Unitholders.

The Fund Trustee has fixed a record date of December 22, 2006 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.

Approval of any matter at the Meeting requires the affirmative vote of the holders of more than 66 2/3% of the Units which are represented in person or by proxy at the Meeting on the question.

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 ("Beneficial Unitholders"), as none of the Beneficial Unitholders 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 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 name 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 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 CDS. 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 ADP. ADP typically prepares a Voting Form which it mails to the Beneficial Unitholders and asks Beneficial Unitholders to return the Voting Form directly to ADP. ADP 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 ADP well in advance of the Meeting in order to have the Units voted.

If you wish to vote in person at the meeting, you must insert your own name in the space provided for the appointment of a proxy holder on the enclosed form of proxy or voting form provided to you. By doing so, you are instructing CDS to appoint you as proxy holder. Then follow the signing and return instructions provided on the enclosed form of proxy or voting form. You do not need to complete the remainder of the form of proxy or voting form, as you will be voting at the meeting. Please present yourself at the meeting to a representative of the Fund Trustee in order to obtain further instructions on how to vote.

PRINCIPAL HOLDERS OF VOTING UNITS

As of the close of business on December 20, 2006, all of the Units were registered in the name of CDS & Co., which holds such Units on behalf of the Beneficial Unitholders. As at December 20, 2006, to the knowledge of the Manager, no person or company beneficially owns, directly or indirectly, or controls or directs 10% or more of the Units.

MANAGEMENT AND ADMINISTRATION AGREEMENTS

The management and administration agreements in connection with the Fund are described in the management information circular of the Fund, dated April 5, 2006, under the heading "Management and Administration Agreements". This portion of the management information circular of the Fund, dated April 5, 2006, is specifically incorporated by reference and forms part of this Management Information Circular.

MATTERS TO BE ACTED UPON AT THE MEETING

Recommendation of the CT Board of Trustees

At the Meeting, Unitholders will be asked to consider and, if deemed advisable, pass Special Resolutions approving (a) a proposed internal reorganization of the Fund and certain of its subsidiaries (the “Reorganization”), each of the transactions contemplated thereby and such amendments to the Fund Trust Indenture which are necessary or desirable to give effect to the Reorganization and (b) amendments to the Fund Trust Indenture and directions and instructions to the Fund Trustee as to the manner in which the Fund Trustee shall vote the CT Units in respect of certain amendments proposed to the CT Trust Indenture modifying the process for determining the amount of cash distributions to be made by the Fund or CT, as the case may be, and extending the time frame in which the Fund Trustee may set the record date for meetings of Unitholders and in which the CT Trustees may set the record date for meetings of unitholders of CT, as the case may be. See “The Reorganization” and “Other Amendments to the Trust Indentures”. A “Special Resolution” is defined under the Fund Trust Indenture to mean a resolution passed by a majority of not less than 66 2/3 % of votes cast, either in person or by proxy, at a meeting of Unitholders for the purpose of approving such resolution, or approved in writing by the holders of not less than 66 2/3% of the Units entitled to be voted on such resolution. The text of the Special Resolutions are attached to this Management Information Circular as Schedule “A”.

The CT Board of Trustees has determined that the Reorganization, the amendments to the Fund Trust Indenture and the amendments to the CT Trust Indenture are in the best interests of the Fund and its Unitholders and recommends that Unitholders vote in favour of the Special Resolution. The Special Resolution must be passed, with or without variation, by the affirmative vote of the holders of not less than 66 2/3% of the Units represented in person or by proxy at the Meeting and voted on a poll upon such Special Resolution.

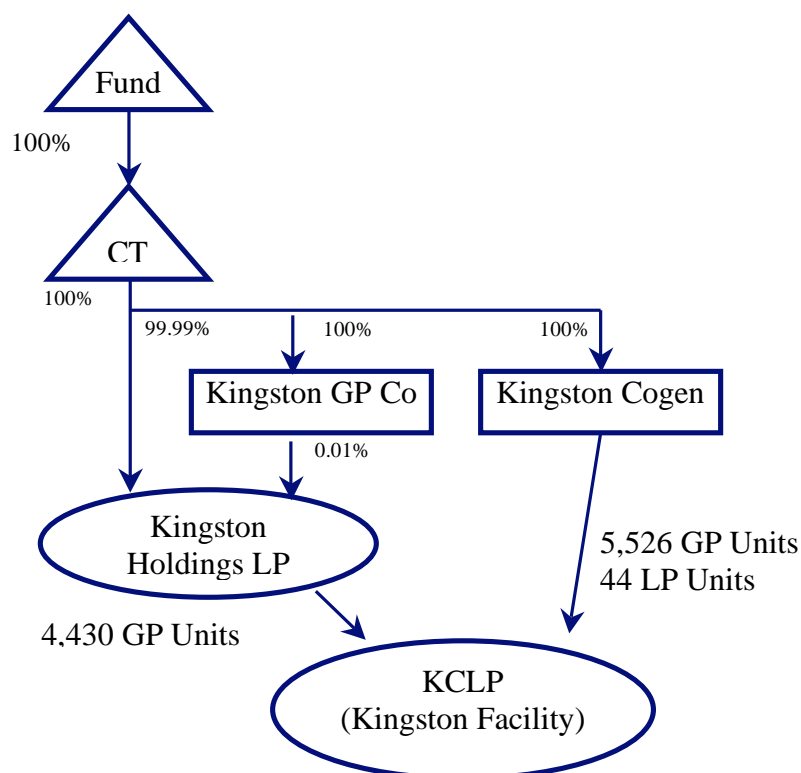
The Reorganization

KCLP, the owner of the Kingston Facility, is indirectly wholly owned by CT. Presently, 55.7% of the KCLP Units are held through a corporation, Kingston Cogen, with the balance of the KCLP Units held through a limited partnership, Kingston Holdings LP. As described in further detail below, the Reorganization will result in virtually all of the Fund’s ownership of KCLP being held indirectly through Kingston Holdings LP. Following the Reorganization, only a nominal interest in KCLP will be held by the Fund through a corporate entity.

The Fund’s interest in KCLP, which owns the Kingston Facility, was acquired in three stages from three different sellers and accordingly, the Fund’s interest in KCLP is held in a manner that is not consistent with the ownership structures typically used by income trusts in the power sector. In particular, on March 23, 2006, the Fund, through NPIF Kingston Holdings Corp., completed the acquisition of all of the issued and outstanding shares of AES Kingston ULC, which owned 50% of KCLP. Since the acquisition of AES Kingston, NPIF Kingston Holdings Corp. amalgamated with AES Kingston ULC to form Kingston Cogen. Prior to the amalgamation, AES Kingston ULC contributed capital to KCLP, thereby raising its interest in KCLP to 55.7%.

The Fund's current ownership of the Kingston Facility is illustrated by the following diagram:

Current Ownership of the Kingston Facility by the Fund



The Reorganization will bring the Fund more in line with the ownership structures of other Canadian income trusts in the power sector. The Manager believes that a simplified ownership structure will make financing more efficient, reduce costs and expenses associated with financing and will allow the Fund to pursue additional acquisitions or developments of electricity generation facilities on a more cost effective basis.

The elimination of the corporate entity, Kingston Cogen, through which the Fund currently holds 55.7% of the KCLP Units, will address financial accounting and reporting issues that may inadvertently arise when a conduit structure uses a corporate entity to complete an acquisition and a purchase price premium is required to be allocated to contracts and other goodwill assets. The Manager also expects that the elimination of the corporate entity will facilitate financial reporting for the Fund and will eliminate the potential for taxation at the corporate level which would reduce the cash available for distributions to Unitholders.

The Fund has applied to the CRA for an advance income tax ruling (the “Ruling”) in respect of the Reorganization. If obtained, the Ruling will confirm that, provided that specified conditions are satisfied, each step of the Reorganization will occur on a tax-deferred or non-recognition basis for the Fund, its subsidiaries, and Unitholders resident in Canada. See “Certain Canadian Federal Income Tax Considerations – Tax Considerations Applicable to the Reorganization”. The Fund will not undertake the Reorganization if a satisfactory Ruling is not

obtained, regardless of whether or not the Reorganization is approved by Unitholders at the Meeting.

Subject to obtaining a satisfactory Ruling, and any regulatory approvals determined to be necessary or advisable in connection with the Reorganization, and upon obtaining the requisite approval of Unitholders at the Meeting, it is intended that the Reorganization will be effected shortly after Unitholder approval and, in any event, not later than March 31, 2007.

The Reorganization Steps

The following is a summary of the principal steps of the Reorganization:

- All but one of the existing KCLP GP Units held by Kingston Cogen will be redesignated into an equivalent number of KCLP LP Units. All of the KCLP GP Units held by Kingston Holdings LP will be converted into an equivalent number of KCLP LP Units. As a result, Kingston Holdings LP will hold 4,430 of the issued and outstanding KCLP Units, all of which will be KCLP LP Units, and Kingston Cogen will hold 5,570 of the issued and outstanding KCLP Units, of which one unit will be a KCLP GP Unit, with the remaining 5,569 being KCLP LP Units.
- Newco will be incorporated under the OBCA. Kingston Cogen will subscribe for one common share of Newco and will satisfy the subscription price by transferring its KCLP GP Unit to Newco.
- Kingston Cogen will assign the existing management services agreement and operations and management agreement to Newco and Newco, as the general partner of KCLP, will assume the responsibilities of Kingston Cogen under these agreements.
- MFC will be incorporated under the OBCA. CT will subscribe for one common share of MFC for consideration equal to the fair market value of Kingston Cogen's interest in Newco, which will be paid with cash by CT. The authorized capital of MFC will consist of an unlimited number of common shares, Class A shares and Class B shares. A detailed description of the rights and restrictions of each of these classes of shares of MFC can be found in this Management Information Circular under the heading "Description of Share Capital of MFC and Amalco".
- The Fund will subscribe for a number of MFC Class A Shares that is equal to the number of the then issued and outstanding Units of the Fund for a cash subscription price of \$0.08 per Unit, in the aggregate amount of approximately \$4,986,671.
- The Fund will distribute the MFC Class A Shares to Unitholders as a return of capital. Each Unitholder will receive one MFC Class A Share for each Unit held by such Unitholder immediately before the distribution of the MFC Class A Shares.
- CT will transfer to MFC the common shares and notes of Kingston Cogen then outstanding in exchange for such number of MFC Class B Shares having an aggregate redemption price equal to the aggregate fair market value of the common shares and notes of Kingston Cogen.
- MFC and Kingston Cogen will amalgamate pursuant to the short form amalgamation provisions of the OBCA. The name of the amalgamated corporation, Amalco, will be the same as that of MFC. The articles of Amalco will be the same as the articles of MFC. Amalco will not issue any securities in connection with the amalgamation. The MFC Common Shares will become Amalco Common Shares, the MFC Class A Shares will

become Amalco Class A Shares, and the MFC Class B Shares will become Amalco Class B Shares. The outstanding common shares of Kingston Cogen along with the debt owed by Kingston Cogen to MFC will be cancelled.

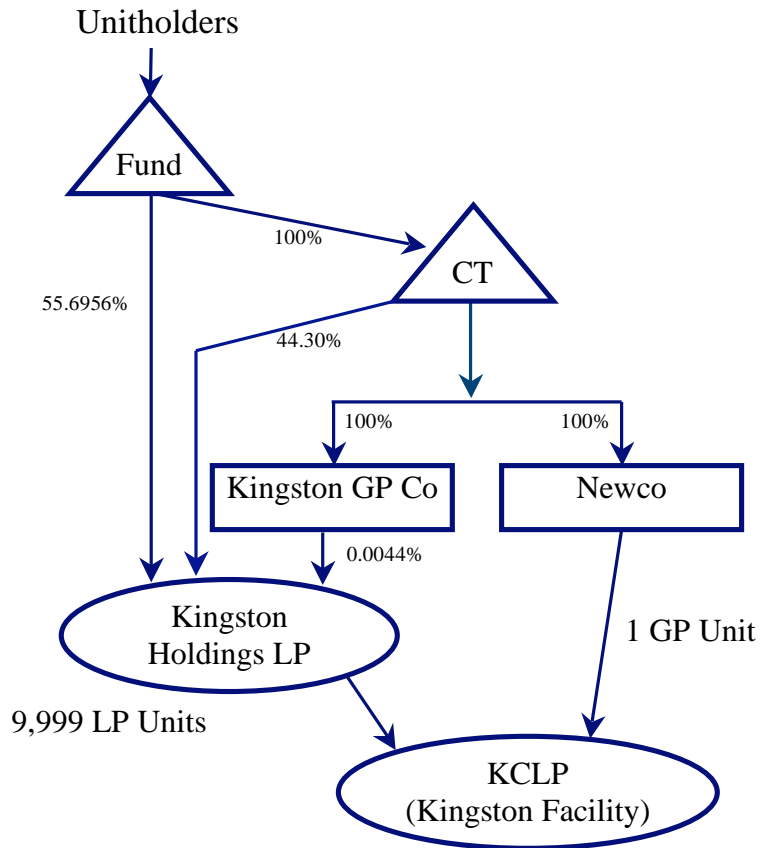
- Amalco will transfer its KCLP LP Units to Kingston Holdings LP in consideration for Kingston Holdings LP Units.
- Amalco will transfer the cash received on the subscription by the Fund for the MFC Class A Shares (now Amalco Class A Shares), the cash received on the subscription by CT for the MFC Common Share and the Kingston Holdings LP Units (the “Exchanged Property”) to the Fund in exchange for such number of Units having an aggregate fair market value equal to the aggregate fair market value of the Exchanged Property at the time of the transfer in satisfaction of the purchase price. Amalco will then redeem all of the outstanding Amalco Class B Shares held by CT by transferring to CT such number of Units owned by Amalco having an aggregate fair market value equal to the aggregate redemption price of such outstanding Amalco Class B Shares. Amalco will then redeem all of the outstanding Amalco Class A Shares held by Unitholders by transferring to each Unitholder such number of Units having an aggregate fair market value equal to the aggregate redemption price of the Amalco Class A Shares held by such Unitholders.
- CT will, pursuant to the Right of Renunciation, immediately renounce, release and surrender all of its interest in the Fund (income, capital and otherwise). As a consequence, the Units held by CT will be cancelled.
- The outstanding Units (including additional Units distributed to Unitholders pursuant to the Reorganization) will automatically be consolidated so that the total number of Units outstanding upon completion of the Reorganization will be equal to the total number of Units outstanding immediately prior to the Reorganization.
- Amalco and Newco will amalgamate pursuant to the short form amalgamation provisions of the OBCA. The name of the amalgamated corporation, New Amalco, will be the same as that of Amalco. The articles of New Amalco will be the same as those of Newco.

The foregoing reflects the principal steps the Manager currently anticipates will be required for the implementation of the Reorganization. Such steps may be modified in order to be consistent with the Ruling. However, any such modifications will not adversely affect the tax consequences to Unitholders described below under “Certain Canadian Federal Income Tax Considerations”.

While the Reorganization is taking place, the Unitholders’ interest in Units of the Fund will, momentarily, be represented by an interest in both Units in the Fund and an equal number of MFC Class A Shares (which will become Amalco Class A Shares). The Amalco Class A Shares will be exchanged for an interest in additional Units in the Fund, which will be consolidated such that, upon completion of the Reorganization, a Unitholder’s interest in the Fund will be represented by the same number of Units as such Unitholder had prior to the Reorganization. The steps of the Reorganization will not be reflected in any confirmations or statements received by a Unitholder from such Unitholder’s broker.

The following diagram illustrates the structure of the Fund's ownership of the Kingston Facility after the completion of the reorganization:

Ownership of the Kingston Facility by the Fund Following the Completion of the Reorganization



Amendments to the Fund Trust Indenture Relating to the Reorganization

The Manager proposes such amendments to the Fund Trust Indenture as may be necessary or desirable to give effect to the Reorganization, subject to Unitholder approval of the Special Resolution in respect thereof. These amendments will provide for, among other things:

- The issuance of fractions of Units, if any;
- The automatic consolidation of the outstanding Units (including additional Units distributed to unitholders pursuant to the Reorganization) such that the total number of Units outstanding upon completion of the Reorganization will be equal to the total number of Units outstanding immediately prior to the Reorganization; and
- The Right of Renunciation that will permit CT to renounce, release, surrender and cancel, for no consideration, its rights and benefits in and to Units, as specified in a written notice of renunciation.

Other Amendments to the Trust Indentures

Distributions

The Manager proposes that the Fund Trust Indenture and the CT Trust Indenture be amended to provide the CT Trustees with greater discretion as to the determination of the amount of the Distributable Cash Flow to be paid out by the Fund to Unitholders. Currently, the CT Trustees must declare a monthly distribution equal to 1/12 of the Distributable Cash Flow of the CT as estimated by the CT Trustees. Similarly, the Fund Trustee must declare a monthly distribution equal to 1/12 of the Distributable Cash Flow of the Fund as estimated by the Fund Trustee. The current definition of Distributable Cash Flow in the CT Trust Indenture permits the CT Trustees to take into account reserves for working capital, capital expenditures, major maintenance reserves and other reserves as may be considered appropriate by the CT Trustees and reserves in the discretion of the CT Trustees to enhance the Fund's ability to maintain stable and sustainable levels of cash distributions. The proposed amendment would provide the CT Trustees with full discretion to determine the amount of distributions to be paid out of Cash Available for Distribution (presently, Distributable Cash Flow) by each of the Fund and CT, without regard to whether amounts retained constituted part of a reserve, subject to distributions being sufficient to ensure that the Fund and CT are not liable to pay income taxes. The Fund Trustee would have similar discretion with respect to the Fund. In making determinations regarding Cash Available for Distribution, the CT Trustees and the Fund Trustee would be required to consider the best interests of CT and the Fund and their unitholders.

The CT Trustees believe that it is in the best interests of the Unitholders for this change to be made because it provides the CT Trustees and the Fund Trustee with the ability to retain certain cash amounts if doing so would be in the best interests of the Fund. However, the CT Trustees and the Fund Trustee would still be required by the CT Trust Indenture and the Fund Trust Indenture, respectively, to distribute the net income and net realized capital gains such that neither CT nor the Fund would be liable to pay income taxes. The CT Trustees believe that these changes are consistent with the provisions relating to distributions of cash for most recently created income trusts and do not expect that these amendments will result in a significant change in the distribution policy of the Fund.

Record Dates

Currently, the Fund Trustee may fix a date not more than 50 days and not less than 21 days prior to the date of any meeting of Unitholders or other action as a record date for the determination of Unitholders entitled to receive notice of and vote at such meeting or any adjournment thereof or to be treated as Unitholders of record for purposes of such other action. The Manager proposes that the 50 day limit be extended to 60 days. In past years, the Manager has preferred to distribute the Fund's annual report together with the notice of meeting in order to keep costs down. Being able to set a record date for the Fund's annual meeting up to 60 days prior to the meeting could enable the Fund to have more flexibility in setting the date for the annual meeting while still mailing the annual report promptly. The same change is proposed for the CT Trust Indenture.

If the Special Resolution relating to changes to the Trust Indentures is passed, these proposed changes would be made following the Meeting of Unitholders.

CAPITAL STRUCTURE OF NEW SUBSIDIARIES RESULTING FROM THE REORGANIZATION

MFC and Amalco

MFC will initially be a wholly-owned subsidiary of CT incorporated in connection with, and for the purpose of effecting the Reorganization, under the OBCA. Pursuant to the Reorganization, MFC will amalgamate with Kingston Cogen under the laws of the Province of Ontario. The corporation continuing from such subsequent amalgamation is referred to in this Management Information Circular as “Amalco”.

The name of Amalco will be the same as that of MFC, the articles of Amalco will be the same as the articles of MFC, and Amalco will not issue any securities in connection with the amalgamation.

Description of Share Capital of MFC and Amalco

The authorized capital of MFC and Amalco will consist of an unlimited number of common shares, an unlimited number of Class A Shares and an unlimited number of Class B Shares.

Each common share of MFC and Amalco will: (i) entitle the holder thereof to one vote on all matters to be voted on at all meetings of shareholders; (ii) entitle the holder thereof to receive dividends if, as and when declared by the board of directors of MFC or Amalco, as applicable; (iii) be redeemable at the option of the holder or MFC or Amalco, as applicable, for a redemption price equal to the fair market value of the share; and (iv) on the liquidation, dissolution or winding-up of MFC or Amalco, as applicable, entitle the holder to share rateably in any remaining assets of MFC or Amalco, as applicable.

Each Class A Share of MFC and Amalco and each Class B Share of MFC and Amalco will: (i) be non-voting; (ii) entitle the holder thereof to receive dividends if, as and when declared by the board of directors of MFC or Amalco, as applicable; (iii) be redeemable, at the option of MFC or Amalco, as applicable, without notice to the holders thereof for a redemption price per share equal to the fair market value of any consideration paid to acquire such share on issuance (the “Redemption Price”); (iv) be redeemable at the option of the holder upon not less than three business days’ prior written notice to MFC or Amalco, as applicable, for a redemption price per share equal to the Redemption Price; and (v) on the liquidation, dissolution or winding-up of MFC or Amalco, as applicable, entitle the holder to receive the aggregate Redemption Price, together with any declared and unpaid dividends to the date of payment, before any amount will be paid or any assets of MFC or Amalco, as applicable, distributed to the holders of common shares of MFC or Amalco, as applicable.

Newco and New Amalco

Newco will initially be a wholly-owned subsidiary of Kingston Cogen incorporated under the OBCA in connection with, and for the purpose of effecting the Reorganization. Pursuant to the Reorganization, Newco will amalgamate with Amalco under the laws of the Province of Ontario. The corporation formed from such amalgamation is referred to as “New Amalco”. Following the Reorganization, New Amalco will be a direct, wholly-owned subsidiary of CT and will hold one KCLP GP Unit representing a 0.01% interest in KCLP.

Description of Share Capital of Newco and New Amalco

The authorized capital of Newco and New Amalco will consist of an unlimited number of common shares.

Each common share of Newco will: (i) entitle the holder thereof to one vote on all matters to be voted on at all meetings of shareholders; (ii) entitle the holder thereof to receive dividends if, as and when declared by the board of directors of Newco; (iii) be redeemable at the option of the holder or Newco, as applicable, for a redemption price equal to the fair market value of the common share; and (iv) on the liquidation, dissolution or winding-up of Newco, entitle the holder to share rateably in any remaining assets of Newco.

Securities Laws

The distribution of MFC Class A Shares and additional Units to Unitholders pursuant to the Reorganization will be exempt from the registration and prospectus requirements of applicable Canadian securities legislation.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date of this Management Information Circular, the principal Canadian federal income tax considerations of the Reorganization generally applicable to a Unitholder who, at all relevant times and for the purposes of the Tax Act, is resident in Canada, holds Units as capital property and deals at arm's length, and is not affiliated, with the Fund.

Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders whose Units might not otherwise qualify as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and all other "Canadian securities" as defined in the Tax Act, deemed to be capital property. Unitholders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Unitholder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, or a "specified financial institution", as defined in the Tax Act, or that is a Unitholder an interest in which is a "tax shelter investment", as defined in the Tax Act. Such Unitholders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the Regulations and counsel's understanding, based on publicly available published materials, of the current administrative and assessing practices of the CRA, all in effect as of the date of this Management Information Circular. This summary takes into account all specific proposals to amend the Tax Act and the Regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and assumes that such proposals will be enacted as proposed, but no assurance can be given that this will be the case. This summary does not otherwise take into account or anticipate any changes in the law or administrative practice, whether by judicial, governmental or legislative action or decision, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

As noted above under "The Reorganization", the Fund has applied to the CRA for the Ruling, and it is anticipated that the Ruling will confirm that the consequences under the Tax Act

of the Reorganization will be as described in this summary. However, no assurances can be given that CRA will provide the Ruling in the form requested. If a satisfactory Ruling is not obtained, the Fund will not undertake the Reorganization regardless of whether or not the Reorganization is conditionally approved by Unitholders at the Meeting.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations applicable to Unitholders. This summary is not intended to be, and should not be construed to be, legal, business or tax advice to any particular Unitholder, and no representation with respect to the tax consequences to any particular Unitholder are made. Unitholders should consult their own tax advisors to determine the tax consequences to them of the Reorganization having regard to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

Tax Considerations Applicable to the Reorganization

The Fund and its Subsidiaries

All but one of the KCLP GP Units will be redesignated into KCLP LP Units. The Redesignation will not result in a dissolution of KCLP and will not give rise to a disposition of an interest in KCLP in the hands of Kingston Holdings LP or Kingston Cogen and, as a result, the Fund does not anticipate any gain will arise on such Redesignation.

Immediately after the Redesignation, Kingston Cogen will transfer its KCLP GP Unit to Newco in consideration for one common share of Newco. Management of the Fund intend that a joint election under subsection 85(1) of the Tax Act will be filed on a timely basis by Kingston Cogen and Newco with respect to this transfer and, as a result, the Fund does not anticipate that any gain will arise on such transfer.

CT will transfer all of the common shares and notes of Kingston Cogen to MFC in consideration for MFC Class B Shares. Management of the Fund intend that a joint election under subsection 85(1) of the Tax Act will be jointly filed on a timely basis by CT and MFC with respect to this transfer and, as a result, the Fund does not anticipate that any gain will arise on such transfer.

MFC and Kingston Cogen will amalgamate. CT will not realize a capital gain or a capital loss on the amalgamation of MFC and Kingston Cogen by virtue of holding MFC Class B Shares. The cost to CT of the Amalco Class B Shares resulting from the amalgamation will be equal to the adjusted cost base of the MFC Class B Shares to it immediately before the amalgamation.

Amalco will transfer its KCLP LP Units to Kingston Holdings LP in consideration for Kingston Holdings LP Units. Management of the Fund intend that a joint election under subsection 97(2) of the Tax Act will be filed on a timely basis by Amalco and Kingston Holdings LP with respect to this transfer and, as a result, the Fund does not anticipate that any gain will arise on such transfer.

The acquisition by the Fund of all or substantially all of the property of Amalco in exchange for Units, and the distribution by Amalco of Units on the redemption of its shares (the “Merger”) will constitute a “qualifying exchange” within the meaning assigned by section 132.2 of the Tax Act. Amalco and the Fund will file a joint election under subsection 132.2(2) of the Tax Act on a timely basis to establish the proceeds of disposition that Amalco will be deemed to receive on the transfer by it of all or substantially all of its property to the Fund. Such election

will be prepared on the basis that any income realized on the disposition of such property would not exceed the amount of any losses or deductions available to Amalco. Provided that such election is so made and filed on a timely basis, there will be no income tax liability to Amalco resulting from the transfer of such property to the Fund.

As noted above, the Merger will constitute a “qualifying exchange” within the meaning assigned by section 132.2 of the Tax Act. Accordingly, CT will not be considered to have received a dividend and will not realize a capital gain or a capital loss as a result of its disposition of New Amalco Class B Shares in consideration for Units on the redemption of such shares. The cost to CT of the Units received on the redemption will be equal to the cost amount of the redeemed New Amalco Class B Shares to it immediately prior to the redemption.

After the Merger, CT will, pursuant to the Right of Renunciation, renounce, release and surrender all of its interest in the Fund (income, capital and otherwise). CT will not be considered or deemed to have received proceeds of disposition on the renunciation and neither the Fund nor the Unitholders will be considered to have received an amount or benefit in respect of the renunciation.

Newco and Amalco will amalgamate on a tax deferred basis. CT will not realize a capital gain or a capital loss on the amalgamation of Newco and Amalco by virtue of holding a common share in Amalco. The cost to CT of the common share in New Amalco resulting from the amalgamation will be equal to the adjusted cost base of the common share of Amalco to CT immediately before the amalgamation.

Participation of Unitholders in the Reorganization

Unitholders will not be required to include in computing income for the year the value of the MFC Class A Shares received from the Fund as a return of capital. A Unitholder will be required to reduce the adjusted cost base of each of its Units by the amount of the return of capital, which is \$0.08 per Unit. However, to the extent that the adjusted cost base of a Unit would otherwise be a negative amount as a result of such reduction, the negative amount will be deemed to be a capital gain of the Unitholder and the adjusted cost base of the Unit to the Unitholder will then be zero. The cost to a Unitholder of a MFC Class A Share distributed to such holder will be equal to the fair market value of such MFC Class A Share at the time of distribution.

A Unitholder holding MFC Class A Shares will not realize a capital gain or a capital loss on the amalgamation of MFC and Kingston Cogen. The cost to a Unitholder of the Amalco Class A Shares resulting from the amalgamation will be equal to the adjusted cost base of the MFC Class A Shares to that Unitholder immediately before the amalgamation.

As noted above, the Merger will constitute a “qualifying exchange” within the meaning assigned by section 132.2 of the Tax Act. Accordingly, a Unitholder holding Amalco Class A Shares will not be considered to have received a dividend and will not realize a capital gain or a capital loss as a result of the disposition of such shares and the receipt of Units on the redemption of such shares. The cost to a Unitholder of Units received by such holder on the redemption will be equal to the cost amount of the redeemed Amalco Class A Shares to the holder immediately prior to the redemption. The cost of these Units will be required to be averaged with the adjusted cost base of all other Units held by the Unitholder as capital property immediately before the acquisition in order to determine the adjusted cost base of each Unit to such Unitholder.

The consolidation of Units occurring as part of the Reorganization will not be considered to result in a disposition of Units by Unitholders. The consolidation of Units will not result in

the realization of any income, gain or loss by a Unitholder. In general, the aggregate adjusted cost base of Units owned by a Unitholder after the Reorganization will be equal to the aggregate adjusted cost base of the Units owned by the Unitholder immediately prior to the Reorganization.

Eligibility for Investment

The MFC Class A Shares and Amalco Class A Shares will be qualified investments for purposes of the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (collectively, “Deferred Income Plans”) and registered education savings plans (“RESPs”).

Tax Considerations Following the Reorganization

Status of the Fund

Mutual Fund Trust

The Fund is a mutual fund trust under the provisions of the Tax Act and is registered as a “registered investment” under the Tax Act. The balance of the summary assumes that the Fund will continue to so qualify and be so registered and that such registration has not been revoked. If the Fund were not to so qualify as a mutual fund trust or were not to be so registered, the income tax considerations in this summary (including the summary of the tax considerations applicable to the Reorganization) would, in some respects, be materially different from those described herein.

Eligibility for Investment

Provided the Fund is a mutual fund trust within the meaning assigned by subsection 132(6) of the Tax Act, the Units will be qualified investments for Deferred Income Plans and RESPs.

Taxation of the Fund

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for the year, including all accrued interest on the CT Notes, such amount of CT’s income as becomes paid or payable in the year to the Fund and net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund (whether in cash, additional Units or otherwise) or if the Unitholder is entitled in that year to enforce payment of the amount.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. During a taxation year of the Fund and the succeeding five taxation years, the Fund may also deduct from its income (in accordance with the applicable detailed rules in the Tax Act) a portion of the reasonable expenses incurred by the Fund to issue Units in connection with this Reorganization, in accordance with the applicable detailed rules in the Tax Act.

Under the Fund Trust Indenture, an amount equal to all of the income (including the taxable portion of any net capital gains) of the Fund (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any net

capital gain realized by the Fund, (but excluding income or capital gains arising on an in specie distribution of Fund property which are designated by the Fund to redeeming Unitholders and capital gains, the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Fund), will be payable in the year to the Unitholders by way of cash distributions, subject to the exceptions described below. Income of the Fund which is applied to fund redemption of Units for cash or is otherwise unavailable for cash distributions will be distributed to Unitholders in the form of additional Units. Income of the Fund payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Fund in computing its taxable income.

Counsel has been advised that the Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in such year for income tax under Part I of the Tax Act.

Taxation of CT

The taxation year of CT is the calendar year. CT will be required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, in respect of its debt obligations, except to the extent that such interest was included in computing its income for a preceding taxation year. Interest and principal payments and all other amounts relevant for the purposes of the Tax Act will generally be determined in Canadian dollars at the exchange rate prevailing at the time of the payment. Accordingly, CT's income for a taxation year may be affected by fluctuations in the value of the U.S. dollar relative to the Canadian dollar.

CT will be taxable on its income determined under the Tax Act for each taxation year, and will generally be entitled to deduct its expenses incurred to earn such income provided such expenses are reasonable. All of the income of CT for each year (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any capital gains realized by CT in the year will generally be paid or payable in the year to the Fund and will generally be deductible by CT in computing its taxable income. Accordingly, CT should not be liable for any tax under Part I of the Tax Act.

Taxation of Unitholders

Fund Distributions

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received or receivable in cash, additional Units or otherwise.

Provided that appropriate designations are made by the Fund, such portions of its taxable dividends received from taxable Canadian corporations, foreign source income and net taxable capital gains as is paid or payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from a taxable Canadian corporation, the normal gross-up and dividend tax credit provisions will be applicable in respect of Unitholders who are individuals, the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for

the benefit of an individual or related group of individuals, and the deduction in computing taxable income will be available to Unitholders that are corporations.

On October 16, 2006, the Minister of Finance tabled a Notice of Ways and Means Motion in the House of Commons that included draft proposed legislation to implement an enhanced dividend tax credit for individuals who receive “eligible dividends” from a Canadian corporation after 2005. If this legislation is enacted as currently drafted, CT and the Fund will take whatever steps are made available under the new legislation to pass on to investors the benefit of the enhanced tax credit with respect to any eligible dividends received or considered to be received by CT and the Fund to the extent that such dividends are included in distributions made to investors. There can be no assurance that these changes will be enacted as proposed.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder’s income for the year. However, where an amount (other than in respect of the non-taxable portion of any net realized capital gains of the Fund for the year, the taxable portion of which was designated to the Unitholder) is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), the Unitholder will be required to reduce the adjusted cost base of Units by that amount.

To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be zero.

The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income (including net taxable capital gains) distributed by the issue of those Units (and the applicable non-taxable portion of the Fund’s net capital gains). For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of Units owned by such Unitholder as capital property immediately before that acquisition.

Dispositions of Units

On the disposition or deemed disposition of a Unit whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder’s income, including any capital gain realized by the Fund as a result of a redemption which has been designated by the Fund to the redeeming Unitholder.

Where Units are redeemed by the distribution of property of the Fund to the redeeming Unitholder, the proceeds of disposition to the Unitholder will be equal to the fair market value of such property so distributed less any income or capital gain realized by the Fund as a result of the redemption of those Units (which income or capital gain will be designated by the Fund as payable to the Unitholder) and, in the case of any CT Notes, any accrued interest on those notes to the time of distribution. Where income or a capital gain realized by the Fund as a result of the distribution of such property on the redemption of Units has been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or the

taxable portion of the capital gain so designated. Interest accrued on CT Notes in the taxation year of the Fund in which the redemption occurs but which has not been paid at the time of redemption will be treated as an amount of income paid to the Unitholder and, therefore, will be included in the Unitholder's income in the year the Unit is redeemed.

The cost of any property distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution less, in the case of CT Notes, any accrued interest on the CT Notes.

Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gain designated by the Fund in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act.

Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Proposed Tax on Distributions From Publicly Traded Income Trust

On December 21, 2006, the Minister of Finance released draft legislative proposals to tax certain distributions of income made by a "specified investment flow through" trust ("SIFT trust") at a rate that is equivalent to the federal corporate tax rate plus a percentage on account of provincial tax. The Fund is a SIFT trust. According to the draft legislation, such distributions will be treated like corporate dividends in the hands of investors and will be eligible for the enhanced gross-up and tax credit mechanism announced under other draft legislation released by the Minister of Finance on October 16, 2006.

A SIFT trust will be prevented from deducting amounts distributed to investors that are attributable to non-portfolio earnings, which include: (i) income from a business carried on in Canada by the SIFT trust; (ii) income (other than dividends from taxable Canadian corporations) from non-portfolio properties; and (iii) capital gains from non-portfolio properties. "Non-portfolio properties" generally include: (i) investments in a Canadian-resident corporation, Canadian-resident trust or a partnership where either the investment is "significant" (i.e., has a fair market value in excess of 10% of all the issued shares or interest in the entity invested in by the SIFT trust), or more than 50% of the SIFT trust's value is attributable to that subject entity and affiliated entities; (ii) Canadian resource properties, timber resource properties or real properties situated in Canada if more than 50% of the SIFT trust's value is attributable to such property; or (iii) property used in carrying on a business in Canada.

According to the draft legislation, these measures will apply in respect of taxation years of a SIFT trust that end after 2006, except that these measures will not apply in respect of a SIFT trust for its taxation years that end before 2011 if units or other securities of the SIFT trust were, before November 1, 2006, listed on a stock exchange or other public market (a "Grandfathered SIFT trust"). The Fund is currently a Grandfathered SIFT trust. The Reorganization should not cause the Fund to lose its status as a Grandfathered SIFT trust. Accordingly, the Reorganization

should not cause these proposed measures to apply to any of the taxation years of the Fund that end before 2011. However, there can be no assurance that these measures will be enacted as currently proposed.

AUDITORS

The auditors of the Fund are Ernst & Young LLP. Ernst & Young LLP were re-appointed at the last annual meeting of unitholders of the Fund.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in the management information circular of the Fund dated April 5, 2006, under the heading “Interest of Informed Persons in Material Transactions”, the Fund and the Manager are not aware of any direct or indirect material interest of any informed person which has materially affected or would materially affect the Fund or any of its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Additional financial information, including the consolidated financial statements of the Fund and Management’s Discussion and Analysis, is provided in the Fund’s Annual Report.

The Fund shall provide any Unitholder, upon request, with one copy of the Fund's Annual Report which incorporates the Fund's consolidated financial statements and Management's Discussion and Analysis for its most recently completed financial year.

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MANAGER AND CT TRUSTEES' APPROVAL

The contents and the distribution of this Management Information Circular have been approved by the director of the Manager and by the CT Board of Trustees on behalf of the Fund.

DATED at Toronto, Ontario, this 2nd day of January, 2007.



John W. Brace
President and Chief Executive Officer
Northland Power Income Fund Management
Inc.

SCHEDULE “A”
SPECIAL RESOLUTIONS

**Special Resolution Regarding an Internal Reorganization of the Fund and its Subsidiaries
and Amendments to the Fund Trust Indenture**

WHEREAS terms which are defined in the Management Information Circular of Northland Power Income Fund dated January 2, 2007 have the same meanings when used herein;

RESOLVED as a special resolution of the Unitholders of Northland Power Income Fund that:

1. Each of the (a) internal reorganization of the Fund and certain of its subsidiaries, (b) the related transactions contemplated thereby, and (c) such amendments to the Fund Trust Indenture as, in the opinion of the CT Board of Trustees, are necessary or desirable to give effect to the Reorganization, in each case as described in the Management Information Circular, is hereby authorized and approved.
2. Subject to the receipt of the Ruling in form and substance satisfactory to the CT Board of Trustees, the Fund Trustee, the Fund, the Manager, the CT Board of Trustees, and CT are hereby authorized to execute and deliver all such documents, and to do all such acts and things as may be approved by the CT Board of Trustees to give effect to or implement the transactions referred to in the preceding paragraph.
3. The approvals of the CT Board of Trustees referred to in the preceding paragraphs shall be conclusively evidenced by resolutions adopted by the CT Board of Trustees.
4. Notwithstanding the passage of this special resolution, the CT Board of Trustees may elect not to proceed with the transactions approved hereby without the further approval of the Unitholders.

**Special Resolution Regarding Amendments to the Fund Trust Indenture
and the CT Trust Indenture**

WHEREAS terms which are defined in the Management Information Circular of Northland Power Income Fund dated January 2, 2007 have the same meanings when used herein;

RESOLVED as a special resolution of the Unitholders of Northland Power Income Fund that:

1. Amendments to the Fund Trust Indenture and the CT Trust Indenture regarding (a) modifying the process for determining the amount of cash distributions to be made by the Fund or CT, as the case may be, and (b) extending the time frame in which the record date for meetings of the Unitholders or the holders of CT Units, as the case may be, may be set, are hereby authorized and approved.
2. The Fund Trustee, the Fund, the Manager, the CT Board of Trustees, and CT are hereby authorized to execute and deliver all such documents, and to do all such acts and things (including, in the case of the Fund Trustee, voting its CT Units in favour of the amendments to the CT Trust Indenture) as may be approved by the CT Board of Trustees to give effect to or implement the amendments referred to in the preceding paragraph.
3. The approvals of the CT Board of Trustees referred to in the preceding paragraphs shall be conclusively evidenced by resolutions adopted by the CT Board of Trustees.