



Press Release
For immediate distribution

INNERGEX POWER INCOME FUND AND INNERGEX RENEWABLE ENERGY TO STRATEGICALLY COMBINE INTO A SINGLE ENTITY

Transaction to Create a Premier Independent Pure Play Renewable Energy Producer in Canada

- *Pure play in renewable energy with significantly greater scale and financial strength*
- *Access to combined CCA tax pools of approximately \$750 million*
- *Transaction expected to be approximately 20% accretive to cash flow available for distribution to the Fund's unitholders on average over the next 10 years*
- *Addresses income trust conversion to a corporation*
- *Sustainable annual dividend equivalent to \$0.85 per Fund unit*
- *Fund unitholders to own 61% of Combined Innergex with INE shareholders owning 39%*
- *Deemed price of \$7.00 per share of INE, representing a premium of 29% on current trading price*
- *A management team with a proven track record now focused on a single entity*

Longueuil, Quebec, February 1, 2010 – Innergex Power Income Fund (TSX: IEF.UN) (the "Fund") and Innergex Renewable Energy Inc. (TSX: INE) ("INE") today announced that they have entered into a definitive agreement (the "Arrangement Agreement") to undertake a strategic combination (the "Combination") of the two entities whereby the Fund acquires INE by way of a reverse take-over, thereby effecting at the same time the conversion of the Fund to a corporation. The Combination will create a pure play corporation (the "Combined Innergex") that will be one of the largest independent renewable power producers in Canada.

"We are pleased to recommend a transaction that secures growth and generates significant distributable cash accretion for our unitholders over the years to come while maintaining our distribution at the level we had forecasted for 2011 and beyond", said Mr. Jean La Couture, Chairman of the Board of Trustees and Co-Chair of the Special Committee. "The combination also has significant other benefits such as removing the uncertainties regarding the trust conversion and allows the internalization of a seasoned management team."

"The combination with the Fund gives INE shareholders the opportunity to realize a premium on the current trading price of our shares, while benefiting from growth and an attractive dividend yield going forward," said Mr. Michel Letellier, President and Chief Executive Officer of INE. "The resulting company will be a renewable energy industry force - a pure play with significantly greater scale and the financial resources to compete for the most attractive renewable energy projects in Canada."

As per details below, this release will be followed by a conference call held today, Monday, February 1st, 2010, at 11:00 a.m. ET.

DETAILS OF THE COMBINATION

The Combination has been initiated by the Fund as an acquisition of INE whereby the Fund agrees to pay a consideration valued at \$7.00 per share of INE, representing an exchange ratio of approximately 0.685 Fund unit per INE share, based on a deemed unit price of \$10.22. The Combination will be structured as a reverse take-over in order to effect the conversion of the Fund to a corporation. The unitholders of the Fund will exchange their units for shares of INE on the basis of an exchange ratio of 1.460 shares for each unit. Upon completion of the Combination, the current unitholders of the Fund (other than INE) will hold a 61% interest in Combined Innergex while the current shareholders of INE will hold the remaining 39% interest. The initial board of directors will be composed of Mr. Michel Letellier, President and CEO of INE, and of eight independent directors of which five will be current trustees of Innergex Power Trust ("IPT"), a wholly-owned subsidiary of the Fund, and three will be current directors of INE. Mr. Jean La Couture, current Chairman of the Board of Trustees, will be appointed Chairman of the Board of Combined Innergex. Completion of the Combination is subject to receipt of requisite Fund unitholder and INE shareholder approvals as well as other customary conditions, as described in further detail below, and is expected to close by the end of March 2010.

Following completion of the Combination, it is intended that Combined Innergex adopt a dividend policy of \$0.58 per share per annum (equivalent to \$0.85 per Fund unit, based on an exchange ratio of 1.460 shares per Fund unit). The Fund will maintain its current distribution for the months of February and March (on a prorated basis for the month of March to the extent the closing occurs prior to March 31).

Kruger Inc., Master Trust, Régime de rentes du mouvement Desjardins, TD Capital Group Limited, SIPAR – Société d'investissement en participation Inc. and the senior officers of INE, holding as a group approximately 47% of the outstanding shares of INE, and Goodman and Company, Investment Counsel Ltd, MFC Global Investment Management Inc., and the INE nominees on the IPT Board, holding as a group approximately 28% of the outstanding units of the Fund, have each agreed, pursuant to support and voting agreements, to support and vote in favour of the Combination and not agree to or contemplate any competing transaction. The support and voting agreements will automatically terminate if the Arrangement Agreement is terminated in accordance with its terms. INE owns approximately 16% of the outstanding units of the Fund, bringing the total support and vote from 28% to 44% of the outstanding units of the Fund. The Caisse de dépôt et placement du Québec, holding approximately 10% of the outstanding shares of INE, has also expressed its support for the Combination.

KEY ATTRIBUTES OF COMBINED INNERGEX

Renewable Energy Pure Play: The Combination will create a large Canadian renewable energy pure play. It will own an attractive portfolio of 100% renewable energy generating assets producing cash flow, combined with extensive growth opportunities.

In total, on a net interest basis, Combined Innergex will own 326 megawatts ("MW") of installed capacity in operation. An additional 128 MW of renewable power will be coming on-line in the next two years. Combined Innergex will generate 73% of its power from hydroelectric facilities and 27% from wind facilities. Moreover, all the output will be sold pursuant to long-term power purchase agreements ("PPA") with investment grade and governmental counterparties. In addition, the weighted remaining average PPA term of Combined Innergex will be 17 years - longer than any of its Canadian peers.

Asset Diversification: Combined Innergex will benefit from an improved asset diversification, owning a net interest in 326 MW distributed across 14 operating hydro projects (204.1 MW) and three operating wind farms (121.4 MW). It will also have four projects under development with PPAs (103 MW of wind and 25 MW of hydro) and over 1,600 MW (net) of various prospective projects.

This attractive portfolio is diversified by geographic location, electricity off-taker and stage of development, with no

individual project accounting for more than 15% of the total electricity production once all development projects with PPAs are in operation.

Attractive Growth Profile and Dividend Policy: Combined Innergex will represent a unique investment opportunity with 100% renewable power assets, robust growth and an attractive yield. The initial dividend rate of \$0.58 per share per annum is equivalent to \$0.85 per Fund unit, based on an exchange ratio of 1.460 shares per Fund unit. This is in line with management's guidance for the Fund's distributions post-SIFT tax implementation in 2011.

Synergies: In addition to benefiting from improved tax efficiency and access to a tax pool of approximately \$750 million, assuming all development projects with PPAs are constructed, Combined Innergex will benefit from cost synergies and from a management team with a proven track record. The combination of two entities under common management is expected to result in a smooth transition, devoid of material integration risks, given that INE already provides all of the technical, financial and administrative support to the Fund under long-term management agreements.

Financial Strength and Liquidity: Combined Innergex will be of significantly larger scale with increased financial strength, and a substantially improved balance sheet. It will enjoy an expanded credit facility, significant internal cash flow generation and enhanced access to capital markets. Improved financial strength will also lower Combined Innergex's cost of capital, facilitate and accelerate project development and enhance its anticipated return on equity. It will also benefit from increased market capitalization and a larger enterprise value, as well as increased trading liquidity.

The current credit facilities of the Fund and INE amount to an aggregate of \$170 million. Concurrently with the closing of the Combination, it is intended that such credit facilities be refinanced by a new credit facility, aggregating to \$210 million, thereby providing Combined Innergex with access to capital to finance its growth. BMO Capital Markets and TD Securities Inc. will act as co-lead arrangers and joint book managers for the new credit facility.

SIGNIFICANT BENEFITS OF THE COMBINATION FOR INVESTORS

In addition to the ultimate benefit of owning shares in Combined Innergex, the transaction delivers significant benefits to shareholders of INE and to unitholders of the Fund.

For INE shareholders, the deemed price of \$7.00 per share of INE represents a premium of 29%, based on the closing price on the last trading day preceding the announcement. INE shareholders will also benefit from the dividend policy described above going forward.

For Fund unitholders, Combined Innergex's ability to generate free cash flow and maintain dividends to a level equivalent to management's guidance for the Fund's distributions post-SIFT tax implementation, in 2011, will be enhanced by access to INE's CCA tax pools for a combined total of approximately \$750 million, assuming all development projects with PPAs are constructed. The Combination is expected to deliver an average accretion of approximately 20% over the next 10 years when taking into consideration all projects in operation and development projects with PPAs.

BOARD APPROVAL AND RECOMMENDATION

Based on the favourable report and unanimous recommendation of a Special Committee of independent trustees, the Board of Trustees of IPT (with the three nominees of INE on the IPT Board abstaining), on behalf of the Fund trustee, has unanimously approved the execution and performance of the Arrangement Agreement. The Board of Trustees of IPT has unanimously determined that the Combination is fair to the unitholders of the Fund (other than INE) and is in the best interest of the Fund and such unitholders, and unanimously recommends that the unitholders of the Fund (other than INE) vote their units in favour of the Combination.

Similarly, the Board of Directors of INE (with Mr. Gilles Lefrançois and Mr. Michel Letellier, who also act as Trustees of IPT, abstaining) has unanimously approved the execution and performance of the Arrangement Agreement, based on the favourable report and unanimous recommendation of a Special Committee of independent directors. The Board of Directors of INE has unanimously determined that the Combination is fair to the shareholders of INE and is in the best interest of INE and unanimously recommends that the shareholders of INE vote their shares in favour of the Combination.

REQUISITE COURT AND SECURITY HOLDER APPROVALS

The Combination will be implemented by way of a Court-approved statutory plan of arrangement under the Canada Business Corporations Act and will have to be approved by the unitholders of the Fund and the shareholders of INE at special meetings expected to be held at the end of March 2010. A joint information circular will be mailed to the unitholders of the Fund and the shareholders of INE in connection with the special meetings.

It is anticipated that the requisite Fund unitholder approval will be (i) at least 66 2/3% of the votes cast on the resolution by Fund unitholders present in person or by proxy at the special meeting of Fund unitholders, and (ii) at least a majority of the votes cast on the resolution by Fund unitholders present in person or by proxy, after excluding the votes cast by those persons whose votes are required to be excluded pursuant to Multilateral Instrument 61-101 adopted by the Canadian Securities Administrators. It is also anticipated that the requisite INE shareholder approval will be at least 66 2/3% of the votes cast on the resolution by INE shareholders present in person or by proxy at the special meeting of INE shareholders.

Once approved by the Fund unitholders and the INE shareholders, the plan of arrangement must then be sanctioned by the Superior Court of Québec.

COVENANTS REGARDING NON-SOLICITATION AND CONDUCT OF BUSINESS

Under the Arrangement Agreement, each of the Fund and INE has agreed that it will not solicit or initiate any discussions concerning the sale of material assets or any other business combination, and has granted the other party a right to match any superior proposals. The parties have agreed to mutual termination fees in the amount of \$4.5 million and \$7.5 million which are payable by INE or the Fund, respectively, to the other party in certain circumstances, in particular if the Combination is not completed due to a superior proposal. The Arrangement Agreement contains strict covenants regarding the conduct of business of each of the Fund and INE during the period from the execution of the definitive agreement until completion of the Combination.

ADVISORS

The Special Committee of IPT has retained National Bank Financial Inc. ("NBF") to prepare and deliver a formal valuation of the units of the Fund to the Special Committee in accordance with the requirements of MI 61-101. NBF is of the opinion that, as of January 31, 2010, the fair market value of the units of the Fund is in the range of \$9.85-\$10.85 per unit. NBF is also of the opinion that, as of January 31, 2010, the fair market value of the shares of INE, the basis of which represents the non-cash consideration to be received by holders of units of the Fund, is in the range of \$6.40-\$7.40. In addition, NBF has delivered an opinion to the Special Committee of IPT to the effect that, as at January 31, 2010, the exchange ratio pursuant to the Combination is fair, from a financial point of view, to the holders of units of the Fund other than INE.

BMO Capital Markets and Fasken Martineau DuMoulin LLP are acting as financial and legal advisors to the Special Committee of IPT, respectively.

TD Securities Inc. is acting as financial advisor to INE and its Special Committee, and McCarthy Tetrault LLP and Davies Ward Phillips & Vineberg LLP are acting as legal counsel to INE and independent legal counsel to the Special Committee of INE, respectively. The Special Committee of INE received an opinion from its financial advisor, TD

Securities Inc., to the effect that the consideration to be received under the Combination is fair from a financial point of view to shareholders of INE.

CONFERENCE CALL AND WEBCAST FOR INVESTORS AND ANALYSTS

This release will be followed by a conference call held today, Monday, February 1st, 2010, at 11:00 a.m. ET. The transaction will be presented by Mr. Jean La Couture, Chairman of the Board of Trustees and Co-Chair of the Special Committee of IPT and by Mr. Michel Letellier, President and Chief Executive Officer of INE. A presentation of the highlights of the Combination will be followed by a question and answer period.

The call is intended for investors and financial analysts. They are invited to access the conference call by dialling (647)427-7450 or (888)231-8191 or by accessing the website (www.innergex.com).

Media and the public may access this conference call on a listen-only mode. A replay will be available approximately one hour after the call at (416)849-0833 or 1(800)642-1687 (passcode 53313081#) until February 8, 2010, at 11h59 pm ET. The webcast version of the conference call will be accessible for a three-month period, through Innergex's website (www.innergex.com).

AVAILABILITY OF DOCUMENTS

Copies of NBF's fairness opinion and formal valuation report to the Special Committee of IPT and TD Securities Inc.'s fairness opinion to the Special Committee of INE, a description of the various factors considered by the Board of Trustees of IPT and the Board of Directors of INE in their respective decisions to approve the Combination as well as other relevant background information will be included in the joint information circular to be mailed to the unitholders of the Fund and the shareholders of INE in advance of the special meetings to vote on the Combination. Copies of the joint information circular, the Arrangement Agreement, the support and voting agreements and certain related documents will be filed with Canadian securities regulators and will be available on SEDAR (www.sedar.com) as part of the public filings of the Fund and INE. They will also be available on the Innergex website (www.innergex.com) under the 'Investors' section.

Innergex Power Income Fund is an open-ended income trust that indirectly owns interests in 10 hydroelectric power-generating facilities and two wind farms. The Fund's installed capacity is 340 MW (net interest of 210 MW). Approximately 27% of total annual production comes from wind energy. The Fund's units are traded on the Toronto Stock Exchange under the symbol IEF.UN. The hydroelectric facilities and wind farms are managed by INE under long-term agreements with the Fund.

Innergex Renewable Energy Inc. is a leading developer, owner and operator of run-of-river hydroelectric facilities and wind energy projects in North America. INE's management team has been involved in the renewable power industry since 1990. INE owns a portfolio of projects which consists of: (i) interests in five operating facilities with an aggregate net installed capacity of 116 MW (gross 198 MW) and interests in four projects under development with an aggregate net installed capacity of 128 MW (gross 320 MW); and (iii) prospective projects of more than 1,600 MW (gross expected capacity of more than 1,800 MW). INE also owns 16.1% of the Fund and acts as its manager under long-term management agreements.

FORWARD-LOOKING INFORMATION

This press release contains forward-looking information within the meaning of applicable securities laws. Forward-looking information can generally be identified by the use of words and phrases, such as "may", "will", "estimate", "anticipate", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "forecasts", "intends" or "believes", or variations of such words and phrases that state that certain events will occur. More particularly and without limitation, this press release contains forward looking information concerning Combined Innergex and the

Fund's and INE's power production, business strategy, future development and growth prospects, asset base, tax pools, access to capital, cost of capital and debt financing, return on equity, future cash flow, enterprise value, expanded credit facility, balance sheet and liquidity, operating costs, tax efficiency, business integration, and anticipated benefits from the Combination; and statements with respect to levels of distributions and dividends to be paid to securityholders, dividend policy, and the timing of payment of such distributions and dividends.

The forward-looking information is based on certain key expectations and assumptions made by the Fund and INE, including expectations and assumptions concerning availability of capital resources, economic and financial conditions, the success obtained in developing new facilities, the performance of operating projects, and the timing of receipt of the requisite securityholder, court, regulatory and other third party approvals. Although the Fund and INE believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Fund and INE can give no assurance that they will prove to be correct.

Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the renewable energy industry in general such as execution of strategy, capital resources, derivative financial instruments, current economic and financial crisis, hydrology and wind regime, construction and design, development of new facilities, project performance, equipment failure, interest rate and refinancing risk, financial leverage and restrictive covenants, and relationship with public utilities. There are also inherent risks in the nature of the Combination, including incorrect assessments of the value of the other entity; and failure to obtain the requisite securityholder, court, regulatory and other third party approvals. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of the Fund, INE or Combined Innergex are included in the Fund's and INE's annual information forms filed with applicable Canadian securities regulators and may be accessed through the SEDAR website (www.sedar.com).

This press release also contains forward-looking information concerning the anticipated completion of the Combination and timing for such completion. The Fund and INE have provided these anticipated times by relying on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare meeting materials for mailing, the timing of receipt of the securityholder, court, regulatory and other third party approvals and the time necessary to satisfy the conditions to the closing of the Combination. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory or court approvals in a timely manner or the need for additional time to satisfy the conditions to the completion of the Combination. Accordingly, readers should not place undue reliance on the forward-looking information contained in this press release concerning these times.

The forward-looking information contained in this press release is made as of the date hereof and the Fund and INE undertake no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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