



September 21, 2009

Dear Unitholders of Algonquin Power Income Fund:

Re: Offer for Units of Algonquin Power Income Fund

Since its inception in 1997, Algonquin Power Income Fund's ("APIF") long-term business strategy has always been to provide unitholders of APIF with stable and growing returns through its ownership and operation of a diversified portfolio of electric generation and regulated utility assets. Through the years, we have delivered on that strategy but more recently with the Federal government's announcement on October 31, 2006, and subsequent enactment of legislation to commence taxation of income trusts, it has become more and more challenging for APIF to execute its long-term strategy and maximize value for its unitholders. Therefore, the Board of Trustees has been examining a number of options available to APIF to address these changing realities. We have concluded that an exchange of units for shares of a corporation at this time will better position APIF to achieve our long term strategic objectives and thereby maximize long term value for its unitholders.

In this regard, the Board of Trustees have participated in the development of a transaction pursuant to which you will be provided the opportunity to exchange all of your trust units of APIF for new common shares of a corporation, on a one-for-one basis. Specifically, the Board of Trustees have reached agreement with Hydrogenics Corporation (which will be renamed "Algonquin Power Inc." or some other name selected by the Board of Trustees) to complete such a transaction pursuant to the terms and conditions set forth in the Offer to Purchase and Circular of Algonquin Power Inc., dated September 21, 2009. If accepted, you would continue to hold the same proportionate share of APIF that you do today (excluding the shares of Algonquin Power Inc. that may be issued under the debenture exchange offers), except that you hold it through shares of Algonquin Power Inc. (which will own APIF) and APIF will continue to carry on exactly the same business that APIF does today. Algonquin Power Inc. will have the added benefit of significant corporate tax attributes to reduce future corporate taxes payable for several years to come. It is also the Board of Trustees' intention to have Algonquin Power Inc. continue with a cash dividend policy similar to APIF's existing cash distribution policy, but since the payments to you will be in the form of a dividend they would be taxed at the much lower tax rate for dividend income rather than the regular income tax rate that your distribution is taxed at today. We also believe that acceptance of the offer will remove the current uncertainty in the public capital markets surrounding publicly traded income trusts.

**IN ORDER TO COMPLETE THE PROPOSED UNIT-FOR-SHARE
EXCHANGE, THE BOARD OF TRUSTEES UNANIMOUSLY
RECOMMENDS THAT UNITHOLDERS ACCEPT THE OFFER.**

Detailed instructions for depositing your Units are included in the enclosed Offer documents. We urge you to review these documents carefully and to accept the Offer. Should you have questions about the Offer, please do not hesitate to contact APIF's investor relations department or the depositary at the telephone numbers listed on the last page of the Offer documents. Alternatively, consult your financial or other professional advisor.

The Offer is open for acceptance until 12:01 am (local time at place of deposit) on October 27, 2009, unless extended, varied or withdrawn.

We look forward to your acceptance of the Offer.

Regards,

(Signed) "*Kenneth Moore*"
Kenneth Moore
Chairman