

**NEWPORT PROVIDES A FINANCIAL UPDATE**  
**A further forbearance extension on senior debt is obtained in advance of expiry**

**Toronto – October 4, 2010** - Newport Partners Income Fund (the “Fund”) (TSX:NPF.UN, NPF.DB and NPF.DB.A) is pleased to announce that certain of its subsidiaries (together with the Fund, the “Newport Group”) have entered into a Fourth Amendment to the Forbearance Agreement under the Newport Group’s senior credit agreement (the “Forbearance Extension”). Key terms of the Forbearance Extension include:

- Forbearance period extended more than 3 months to January 31, 2011;
- Further extensions contemplated subject to the lenders’ discretion; and
- Senior debt reduction milestones, which management believes can be achieved with cash-on-hand and planned assets sales.

The Newport Group can now seek to modify its existing debt structure in an environment with decreased short term liquidity pressures.

The Fund will continue to be prevented from paying any amounts of interest or principal on the Fund’s unsecured subordinated convertible debentures until the forbearance period (or any extension thereunder) comes to an end and defaults under the senior debt have been remedied.

Next Steps

Throughout the continuing forbearance period, the Newport Group intends to:

- Seek fresh financing, both to repay its existing senior secured loans and to provide supplemental second-tier secured loans; and
- Monetize non-core assets, but only on optimal terms.

The Newport Group has addressed its key short term issues and now has an opportunity to consider how best to augment its capital structure.

**About Newport Partners Income Fund**

Newport Partners Income Fund is an unincorporated open-ended trust created to hold, through its investment in Newport Partners Commercial Trust, interests in Newport Private Yield LP, a limited partnership established under the laws of the Province of Ontario. NPF began trading on the TSX on August 8, 2005 under the symbol NPF.UN.

Newport Partners Income Fund is a publicly-traded diversified fund that invests in successful Canadian private businesses. The Fund, currently has \$452 million invested in 14 companies representing a diverse cross-section of the Canadian economy.