

October 9, 2009

Canfor Pulp Income Fund Announces Allocation of Credits from the Green Transformation Program

Vancouver, B.C. - Canfor Pulp Income Fund (the "Fund") (TSX:CFX.UN) announced today that Canfor Pulp Limited Partnership (the Partnership) in which the Fund has a 49.8% ownership has been allocated credits of \$122.2 million from the billion dollar Pulp and Paper Green Transformation Program (the Program) announced by the Canadian government on June 17, 2009. The program is designed as a reimbursement of funds to be spent on qualifying energy and environmental capital projects. Credits may be used until the Program end date of March 31, 2012.

The objective of the Program is to improve the environmental performance and energy efficiency of Canada's pulp and paper industry by financing capital projects with environmental benefits. Eligible capital projects under the Program must demonstrate an improvement in performance relating to: energy efficiency, increase production of renewable energy, or other environmental benefit.

The Program will enable the advancement of projects at all of the Partnership's facilities that will yield a variety of environmental benefits. The planned improvements include reductions in odour and particulate emissions; reduced fossil fuel and water consumption; and incremental renewable electricity generation.

The Partnership has identified and will be submitting a number of projects for Program approval that demonstrate the Partnership's continued commitment to environmental stewardship. These projects are expected to enhance the long-term sustainability of the Partnership operations and provide benefits to the Fund unitholders, the Partnership employees and the local Prince George economy.

Forward Looking Statements

Certain statements in this press release constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as "expects", "anticipates", "intends", "plans", "will", "believes", "seeks", "estimates", "should", "may", "could" and variations of such words and similar expressions are intended to identify such forward-looking statements. The risks and uncertainties are detailed from time to time in reports filed by the Fund with the securities regulatory authorities in all of the provinces and territories of Canada to which recipients of this press release are referred to for additional information concerning the Fund and Partnership, its prospects and uncertainties relating to the Fund and Partnership and its prospects. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of the Fund

and Partnership to be materially different from those contained in forward-looking statements. The forward-looking statements are based on current information and expectations and the Fund and Partnership assume no obligation to update such information to reflect later events or developments, except as required by law.

About Canfor Pulp Income Fund

The Fund is an unincorporated, open-ended trust established under the laws of Ontario, created to indirectly acquire and hold an interest in the Canfor Pulp Limited Partnership (the "Partnership"). The Fund indirectly holds a 49.8% interest in the Partnership with Canadian Forest Products Ltd. (a subsidiary of Canfor Corporation) holding the remaining 50.2% interest.

For more information about Canfor Pulp Income Fund and the Partnership, please visit www.canforpulp.com.

For further information:

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