



**CHESSWOOD INCOME FUND ANNOUNCES
REDUCTION OF MONTHLY DISTRIBUTIONS TO
ADDRESS CURRENT CYCLE IN U.S. EQUIPMENT LEASING
MARKET**

TORONTO, October 30, 2007 - Chesswood Income Fund (the “**Fund**”) (TSX:CHW.UN), today announced that it will be reducing its monthly distributions commencing with the November distribution to be paid on or about December 17, 2007, to 5.70 cents from the current 9.58 cents per unit.

The decision to reduce monthly distributions has been made as a result of the impact of the current competitive environment faced by the Fund’s U.S. commercial equipment leasing subsidiary, Pawnee Leasing Corporation (“**Pawnee**”), as well as the slowdown in the U.S. economy. Pawnee has historically accounted for more than 90 per cent of the Fund’s consolidated cash flow.

“Despite the current market environment, Pawnee continues to be very profitable and has been introducing new products, with a view to not only expanding our product offerings but also our customer base” said Barry Shafran, the Fund’s President and Chief Executive Officer. “Pawnee has faced this challenging business cycle before, and once rationality was restored to the marketplace, Pawnee has been able to achieve growth and enhanced profitability. While our reduced distribution level offers an approximate yield of 11.9 per cent on our current trading price, we remain committed to restoring the distribution level as soon as possible.”

Pawnee’s market continues to be impacted by newer competition that has been offering leasing terms which management considers unsustainable beyond the near term. This trend is impacting both origination and charge-off levels. Pawnee has faced similar market cycles in its 25-year history of operations, and management expects that these challenges will again be temporary. Credit discipline is rewarded in these circumstances, despite the effect on shorter-term operating results, created by this type of climate.

The new distribution level per unit has been determined after application of the subordination of the entitlements to distributions of the persons and entities from which the Fund purchased Pawnee in May 2006. Those persons and entities hold an aggregate of 1,478,537 shares in the entity through which the Fund holds its interest in Pawnee. These shares generally provide the same entitlements to distributions as are provided to holders of Fund units, however 1,274,601 of such shares are subject to subordination such that no distributions are paid on such shares unless distributions of at least 9.58 cents per month are paid on the Fund units.

About Chesswood Income Fund

Chesswood Income Fund is a financial services trust with operating businesses in both Canada and the U.S. Through its subsidiaries, Chesswood operates in the United States as a leading commercial micro and small-ticket equipment leasing company and in Canada as an automotive sales and leasing company

For more information visit www.ChesswoodFund.com.

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