APPENDIX B

Financial Statements of Brookfield

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2010
(Unaudited)

Brookfield Renewable Power Inc. is a subsidiary of Brookfield Asset Management Inc.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)		**June 30**	December 31	January 1
$US millions	Notes	**2010**	2009	2009
			(restated - see Note 3)	
Assets				
Current assets				
Cash and cash equivalents	14	**$ 193**	$ 168	$ 175
Accounts receivable and other		**224**	203	172
Derivative assets	7	**173**	248	61
Due from related parties	5	**587**	514	371
Securities held in related parties	5	**161**	156	128
		1,338	1,289	907
Derivative assets	7	**369**	436	57
Due from related parties	5	**584**	585	1,564
Equity-accounted and long-term investments	6	**1,110**	1,190	292
Property, plant and equipment	9	**12,868**	13,087	12,481
Intangible assets		**82**	80	66
Deferred tax assets	12	**91**	64	68
Other long-term assets		**276**	346	134
		$ 16,718	$ 17,077	$ 15,569
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and other		**$ 264**	$ 337	$ 178
Derivative liabilities	7	**41**	25	16
Due to related party	5	**32**	32	-
Credit facilities		**149**	339	101
Corporate borrowings	10	-	-	369
Subsidiary borrowings	11	**106**	197	266
		592	930	930
Derivative liabilities	7	**92**	121	88
Due to related parties	5	**115**	70	1,207
Corporate borrowings	10	**982**	993	285
Subsidiary borrowings	11	**3,581**	3,475	3,143
Deferred tax liabilities	12	**2,946**	2,910	2,962
Convertible debentures	5, 7	**940**	1,086	-
Other long-term liabilities	13	**1,358**	1,475	413
Shareholders' equity				
Non-controlling interests		**488**	262	255
Preferred equity	8	**1,633**	1,633	1,391
Common equity	8	**3,991**	4,122	4,895
		$ 16,718	$ 17,077	$ 15,569

See accompanying notes to the consolidated financial statements.

Approved on behalf of Brookfield Renewable Power Inc.:

/s/ Richard Legault

Richard Legault
Director

/s/ Edward C. Kress

Edward C. Kress
Director

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(Unaudited)		Three months ended June 30,		Six months ended June 30,	
$US millions	Notes	**2010**	2009	**2010**	2009
Revenues		**$ 263**	$ 289	**$ 593**	$ 578
Direct operating costs		**(99)**	(82)	**(191)**	(160)
		164	207	**402**	418
Interest expense - borrowings		**(97)**	(84)	**(190)**	(174)
Interest expense - convertible debentures	5	**(24)**	-	**(51)**	-
Current income taxes	12	**(3)**	(6)	**(9)**	(12)
		40	117	**152**	232
Other items					
Depreciation and amortization		**(130)**	(86)	**(245)**	(178)
Unrealized derivative (losses) gains	7	**(12)**	(15)	**106**	30
Gain (loss) on Fund unit liability		**42**	(30)	**(59)**	(17)
Share of (losses) profits in equity-accounted investments	6	**(23)**	8	**19**	16
Deferred income tax	12	**54**	2	**17**	(7)
Other		**(21)**	4	**(23)**	10
Net (loss) income		**$ (50)**	$ -	**$ (33)**	$ 86
Net (loss) income attributable to:					
Non-controlling interests		**$ 11**	$ 8	**$ 18**	$ 17
Common shareholder		**(61)**	(8)	**(51)**	69
		$ (50)	$ -	**$ (33)**	$ 86

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Unaudited)		Three months ended June 30,		Six months ended June 30,	
$US millions	Notes	**2010**	2009	**2010**	2009
Net (loss) income		**$ (50)**	$ -	**$ (33)**	$ 86
Other comprehensive (loss) income					
Foreign currency translation		**(52)**	391	**(74)**	320
Available-for-sale securities		**6**	6	**7**	11
Derivative instruments designated as cash flow hedges		**(46)**	7	**(43)**	46
Revaluations of property, plant and equipment		**-**	-	**39**	40
Share of other comprehensive loss in equity-accounted investments	6	**(38)**	-	**(42)**	-
Deferred taxes on above items	12	**9**	1	**5**	(9)
		(121)	405	**(108)**	408
Comprehensive (loss) income		**$ (171)**	$ 405	**$ (141)**	$ 494
Comprehensive (loss) income attributable to:					
Non-controlling interests		**$ 11**	$ 8	**$ 18**	$ 17
Common shareholder		**(182)**	397	**(159)**	477
		$ (171)	$ 405	**$ (141)**	$ 494

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

$US millions	Notes	Common share capital	Deficit	Revaluation surplus	Foreign currency translation	Equity-accounted investments	Cash flow hedges and available-for -sale securities	**Common equity**	**Preferred equity**	**Non-controlling interests**	**Total equity**
Balance at December 31, 2009 - (restated – see Note 3)	4	622	(2,263)	5,102	617	(33)	77	4,122	1,633	262	6,017
Net (loss) income		-	(51)	-	-	-	-	(51)	-	18	(33)
Other comprehensive income (loss)		-	-	39	(74)	(42)	(31)	(108)	-	-	(108)
Distributions to parent	8	-	(64)	-	-	-	-	(64)	-	-	(64)
Contribution from non-controlling interests		-	-	-	-	-	-	-	-	244	244
Contributed surplus		-	92	-	-	-	-	92	-	-	92
Other		-	-	-	-	-	-	-	-	(36)	(36)
Balance at June 30, 2010		622	(2,286)	5,141	543	(75)	46	3,991	1,633	488	6,112

$US millions	Notes	Common share capital	Deficit	Revaluation surplus	Foreign currency translation	Equity-accounted investments	Cash flow hedges and available-for- sale securities	**Common equity**	**Preferred equity**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2009	4	622	(1,010)	5,240	-	-	43	4,895	1,391	255	6,541
Net income		-	69	-	-	-	-	69	-	17	86
Other comprehensive income		-	-	40	320	-	48	408	-	-	408
Distributions to parent	8	-	(1,128)	-	-	-	-	(1,128)	-	-	(1,128)
Issuance of preferred shares		-	-	-	-	-	-	-	1,100	-	1,100
Other		-	10	-	-	-	-	10	-	26	36
Balance at June 30, 2009		622	(2,059)	5,280	320	-	91	4,254	2,491	298	7,043

See accompanying notes to consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *$US millions*	Notes	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Operating activities					
Net (loss) income		**$ (50)**	$ -	**$ (33)**	$ 86
Add (deduct) non-cash items:					
Depreciation and amortization		**130**	86	**245**	178
Unrealized derivative losses (gains)		**12**	15	**(106)**	(30)
(Gain) loss on Fund unit liability		**(42)**	30	**59**	17
Share of losses (profits) in equity-accounted investments		**23**	(8)	**(19)**	(16)
Deferred income tax		**(54)**	(2)	**(17)**	7
Other		**30**	6	**37**	8
Dividends received from equity-accounted investments		**17**	9	**49**	9
		66	136	**215**	259
Net change in non-cash working capital balances	14	**(22)**	3	**(39)**	84
		44	139	**176**	343
Financing activities					
Corporate borrowings		**-**	82	**-**	425
Subsidiary borrowings		**145**	-	**191**	-
Debt repayments		**(131)**	(219)	**(345)**	(416)
Capital provided by non-controlling interests		**-**	-	**239**	34
Distributions:					
- To non-controlling interests		**(26)**	(11)	**(28)**	(13)
- To unitholders of the Fund		**(17)**	(11)	**(34)**	(17)
- To common shareholder		**(50)**	(14)	**(64)**	(28)
		(79)	(173)	**(41)**	(15)
Investing activities					
Due to/from related party		**32**	31	**(64)**	(252)
Investment in:					
Sustaining capital expenditures		**(27)**	(3)	**(32)**	(26)
Development and construction of renewable power generation		**(48)**	(28)	**(70)**	(48)
Change in restricted cash		**95**	42	**59**	22
		52	42	**(107)**	(304)
Foreign exchange (loss) gain on cash held in foreign currencies		**(2)**	2	**(3)**	6
Cash and cash equivalents					
Increase		**15**	10	**25**	30
Balance, beginning of period		**178**	195	**168**	175
Balance, end of period		**$ 193**	$ 205	**$ 193**	$ 205
Supplemental cash flow information:					
Interest paid		**$ (167)**	$ (110)	**$ (257)**	$ (150)
Taxes paid		**$ (14)**	$ (4)	**$ (21)**	$ (11)

See accompanying notes to the consolidated financial statements.

1. NATURE AND DESCRIPTION OF THE COMPANY

Brookfield Renewable Power Inc. ("Brookfield Renewable" or the "Company") owns and manages a portfolio of renewable power generating facilities in Canada, the United States and Brazil. The Company also holds investments in infrastructure assets in North America, South America, Europe and Australasia. The Company is a wholly-owned subsidiary of Brookfield Asset Management Inc. ("Brookfield"). The Company is incorporated under the laws of Ontario, Canada. Some of the Company's assets are owned through the Brookfield Renewable Power Fund (the "Fund"), which we manage and in which we owned a 50.01% interest, on a fully-exchanged basis, as at June 30, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard *("*IAS") 34, Interim Financial Reporting, using the accounting policies the Company expects to adopt in its December 31, 2010 consolidated financial statements. The Company is a first-time adopter of International Financial Reporting Standards ("IFRS") and has followed the requirements of IFRS 1 – First-time Adoption of IFRS ("IFRS 1") in its initial application of IFRS as disclosed more fully in note 4 to these interim financial statements. The accounting policies of the Company are based on the IFRS that the Company expects to be applicable at December 31, 2010, and encompasses individual IFRS, IASs, and interpretations made by the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee.

The policies set out below were consistently applied to all the periods presented unless otherwise required under IFRS 1 and as described in note 4.

These consolidated financial statements have been authorized for issuance by the Board of Directors of the Company on August 5, 2010.

(b) Basis of presentation

(i) Subsidiaries

These consolidated financial statements include the accounts of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. Non-controlling interests in the equity of the Company's subsidiaries are shown separately in shareholders' equity in the consolidated balance sheets.

(ii) Equity-accounted investments and joint ventures

Equity-accounted investments are entities over which the Company has significant influence or which it jointly controls. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control over those policies. The Company accounts for investments over which it has significant influence using the equity method. A joint venture is an arrangement whereby neither party has rights to individual assets or obligations for expenses of the venture, but where each party is entitled to a share of the outcome of the activities of the arrangement. The Company accounts for its interests in joint ventures using the equity method.

Under the equity method, the carrying value of the Company's interest in an investee is initially recognized at cost and adjusted for the Company's share of net income, other comprehensive income ("OCI") and distributions of the equity-accounted investment.

(c) Foreign currency translation
All figures reported in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in millions of United States ("US") dollars, which is the functional currency of the Company. Each of the Company's subsidiaries determines its own functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the US dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at the rate of exchange prevailing at the dates of the transactions during the period. Gains or losses on translation of foreign subsidiaries are included in OCI. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these operations are reported in the same manner.

In preparing the consolidated financial statements of the Company and its subsidiaries, foreign currency denominated monetary assets and liabilities are translated into the functional currency using the closing rate. Non-monetary assets and liabilities denominated in foreign currency measured at fair value are translated at the rate of exchange prevailing at the date when the fair value was determined. Revenues and expenses are measured in the functional currency at the rates of exchange prevailing at the dates of the transactions with gains or losses included in income.

(d) Cash and cash equivalents
Cash and cash equivalents include cash on hand, demand deposits and all highly liquid short-term investments with original maturities of three months or less.

(e) Property, plant and equipment and revaluation method
Power generating assets are classified as property, plant and equipment and are accounted for using the revaluation method. Property, plant and equipment are initially measured at cost and subsequently carried at their revalued amount, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made on an annual basis to ensure that the carrying amount does not differ significantly from fair value. Where the carrying amount of an asset increased as a result of a revaluation, the increase is recognized in income to the extent the increase reverses a previously recognized impairment recorded through income, with the remainder of the increase recognized in OCI and accumulated in equity under revaluation surplus. Where the carrying amount of an asset decreased, the decrease is recognized in OCI to the extent that a balance exists in revaluation surplus with respect to the asset, with the remainder of the decrease recognized in income.

The Company determines the fair value of its property, plant and equipment using a discounted cash flow model, which includes estimates of future electricity prices, estimated capital expenditures over a twenty year period, and assumptions about future inflation rates and discount rates. Discount rates are calculated, giving consideration to price risk and geographical location of the Company's operational facilities.

Depreciation on power generating assets is calculated on a straight-line basis over the estimated service lives of the assets, which are as follows:

	Useful lives
Dams	Up to 115 years
Penstocks	Up to 60 years
Powerhouses	Up to 115 years
Hydroelectric generating units	Up to 115 years
Wind generating units	Up to 20 years
Gas-fired co-generating units	Up to 40 years
Other assets	Up to 60 years

Cost is allocated to significant components of property, plant and equipment, and each component is depreciated separately. Other assets includes equipment, buildings, and leasehold improvements. Property, plant and equipment also includes capital work-in-progress and land, which are not depreciated.

The depreciation of property, plant and equipment owned in Brazil is based on the duration of the concession or authorization. The average remaining concession or authorization duration at June 30, 2010, is 24 years (December 31, 2009 – 24 years). Since land rights are part of the concession or authorization, this cost is also subject to depreciation.

(f) Asset impairment

At each balance sheet date, the Company assesses whether there is any indication that assets are impaired. An impairment is recognized, if the recoverable amount, determined as the greater of the estimated fair value, less costs to sell, and the discounted future cash flows generated from use and eventual disposal of an asset or cash generating unit, is less than its carrying value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(g) Accounts receivable and other

Trade receivables are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectability.

(h) Intangible assets

Intangible assets with finite lives are carried at cost, less any accumulated amortization and any accumulated impairment losses, and are amortized on a straight-line basis over their estimated useful lives, ranging between 7 and 27 years.

(i) Goodwill

Goodwill represents the excess of the price paid for the acquisition of a business over the fair value of the net identifiable tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit to which it relates. The Company identifies cash generating units as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is evaluated for impairment annually, or more often, if events or circumstances indicate there may be impairment. Impairment is determined by assessing if the carrying value of a cash generating unit, including the allocated goodwill, exceeds its recoverable amount, determined as the greater of the estimated fair value less costs to sell or the value in use. Impairment losses recognized with respect to a cash generating unit are first allocated to the carrying value of goodwill, and any excess is allocated to the carrying amount of assets in the cash generating unit. Any goodwill impairment is charged to income in the period in which the impairment is identified and is not reversed in subsequent periods.

(j) Derivative financial instruments

The Company and its subsidiaries selectively utilize derivative financial instruments, primarily to manage financial risks, including interest rate, commodity and foreign exchange risks. Derivative financial instruments are recorded at fair value determined on a credit adjusted basis. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure, and it is highly probable that it will continue to be effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in OCI by the application of hedge accounting is recognized in income over the remaining term of the original hedging relationship. Unrealized mark-to-market gains and losses on derivative financial instruments are included in derivative assets or derivative liabilities, respectively.

(i) Items qualifying as hedges

The effective portion of unrealized gains and losses on commodity forward and swap contracts designated as cash flow hedges of future energy revenues are included in OCI as cash flow hedges. The periodic exchanges of payments on energy commodity swap contracts designated as hedges are recorded on a settlement basis as an adjustment to revenue.

Realized and unrealized gains and losses on foreign exchange forward contracts designated as hedges of currency risks are included in OCI when the currency risk relates to a net investment in a subsidiary with a functional currency other than the US dollar and are included in income in the period in which the subsidiary is disposed of. Derivative financial instruments that are designated as hedges to offset corresponding changes in the fair value of assets and liabilities and cash flows are measured at fair value with changes in fair value recorded in income.

The effective portion of unrealized gains and losses on interest rate forward and swap contracts designated as hedges of future interest rate payments are included in OCI as cash flow hedges when the interest rate risk relates to an anticipated interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense. The periodic exchanges of payments on interest rate contracts designated as hedges of future interest payments are amortized into income over the term of the corresponding interest payments.

(ii) Items not qualifying as hedges

Gains or losses arising from changes in fair value of derivative financial instruments that are not designated as hedges are recognized in income through fair value gains or losses in the period the changes occur.

(k) Revenue and expense recognition

Revenue from the sale of electricity, ancillary services or capacity is recorded at the time power is delivered or the ancillary service or capacity is provided. Costs related to the purchases of power or fuel are recorded upon delivery. All other costs are recorded as incurred.

(l) Income taxes

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Current income tax assets and liabilities are included in accounts receivable and other and accounts payable and other, respectively.

Deferred tax is recognized on taxable temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets are reviewed at each balance sheet date and reduced to the extent it is no longer probable that the income tax asset will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Current and deferred income taxes relating to items recognized directly in OCI are also recognized directly in OCI.

(m) Business combinations

The acquisition of businesses are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets obtained, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired business. The acquired business' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3R, Business Combinations ("IFRS 3R") are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held-for-sale in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, which are recognized and measured at fair value, less costs to sell. The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

To the extent the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets, goodwill is recognized. To the extent the fair value of consideration paid is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in income.

Where a business combination is achieved in stages, the Company's previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in income or loss. Amounts arising from interests in the acquired business prior to the acquisition date that have previously been recognized in OCI are reclassified to income. This treatment is also appropriate upon disposal of the interest in the acquired business.

(n) Other items

(i) Capitalized costs

Capitalized costs related to assets under development include all eligible expenditures incurred in connection with the development and construction of the asset until it is available for its intended use. These expenditures consist of directly attributable costs related to these assets.

(ii) Pension and employee future benefits

The costs of retirement benefits for defined benefit plans and post-employment benefits are recognized as the benefits are earned by employees. The Company uses the accrued benefit method, pro-rated using the length of service and management's best estimate assumptions to value its pension and other retirement benefits. Assets are valued at fair value for purposes of calculating the expected return on plan assets. For defined contribution plans, the Company expenses amounts based on employee entitlement.

(iii) Decommissioning, restoration and environmental liabilities

Obligations associated with the retirement of tangible long-lived assets are recorded as liabilities when those obligations are incurred, measured as the present value of the expected costs to settle the liability discounted at a current pre-tax rate specific to the liability. The liability is accreted over the period of the asset's useful life with a corresponding charge to operating expenses. The carrying amount of decommissioning, restoration and environmental liabilities is reviewed annually with changes in the amount of the liability added to or deducted from the cost of the related asset.

(iv) Share-based payments

The Company accounts for share-based payments using the fair value method. Under the fair value method, compensation expense for share-based payments is determined based on the fair value at the grant date using an option-pricing model and is charged to income over the vesting period. All options issued under the Company's plan are exercisable into Brookfield shares.

(v) Borrowing costs

Borrowing costs are capitalized when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to prepare for its intended use.

(vi) Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the best estimate of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each balance sheet date using the current discount rate. The increase in the provision due to the passage of time is recognized as interest expense.

(vii) Securities held in related parties

Securities held in related parties are comprised of floating and fixed rate investments issued by Brookfield and its affiliates that are short-term in nature and not designated as held for trading. The securities, classified as available-for-sale, are held for strategic purposes and are presented at fair value with subsequent changes in fair value recorded through OCI, unless it is determined the asset is impaired. In this case, the loss is recognized in income.

(o) Critical accounting estimates and judgements

The preparation of financial statements requires management to select appropriate accounting policies and to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; depreciation and amortization; fair value of property, plant and equipment, goodwill and intangible assets; ability to utilize tax losses; effectiveness of financial hedges for accounting purposes; determination of functional currency; assessment of cash generating units; determination of whether control exists in determining whether an entity should be consolidated; measurement of deferred taxes; and fair values for recognition, measurement and disclosure purposes. In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with that in the prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in these consolidated financial statements. The estimates are impacted by, among other things, movements in interest rates and other factors, some of which are highly uncertain. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the Company's consolidated financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

(p) Future changes in accounting policies

(i) Financial instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the International Accounting Standards Board ("IASB") on November 12, 2009, and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

(ii) Related party disclosures – revised definition of related parties

On November 4, 2009, the IASB issued a revised version of IAS 24, Related Party Disclosures ("IAS 24"). IAS 24 requires entities to disclose in their financial statements information about transactions with related parties. Generally, two parties are related to each other if one party controls, or significantly influences, the other party. IAS 24 has simplified the definition of a related party and removed certain of the disclosures required by the

predecessor standard. The revised standard is effective for annual periods beginning on or after January 1, 2011. The Company is currently evaluating the impact of IAS 24 on its consolidated financial statements.

(iii) Defined benefit assets and minimum funding requirements
On November 26, 2009, the IASB issued Prepayments of a Minimum Funding Requirement. The amendments correct an unintended consequence of IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ("IFRIC 14"). Without the amendments, in some circumstances entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning on or after January 1, 2011, with earlier application permitted. The Company is currently evaluating the impact of IFRIC 14 on its consolidated financial statements.

(iii) Extinguishing Financial Liabilities with Equity Instruments
On November 26, 2009, the IASB issued Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments* ("IFRIC 19"). This interpretation provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments. IFRIC 19 clarifies that the entity's equity instruments issued to a creditor, which are part of the consideration paid to extinguish the financial liability are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Differences between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the entity's profit or loss for the period. IFRIC 19 must be applied in annual periods beginning on or after July 1, 2010, with earlier application permitted. The Company is currently evaluating the impact of IFRIC 19 on its consolidated financial statements.

(iv) Improvements to IFRS
On May 6, 2010, the IASB issued *Improvements to IFRSs* – a collection of amendments to seven IFRSs – as part of its program of annual improvements to its standards. The IASB uses the annual improvements project to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. The Company is currently evaluating the impact of Improvements to IFRS on its consolidated financial statements.

3. RESTATEMENT OF COMPARATIVE FIGURES

The Company has restated its comparative interim consolidated financial statements as at December 31, 2009 to reflect adjustments impacting equity-accounted and long-term investments, deferred tax liabilities and common equity that were identified through further review of the Company's adjustments to IFRS as a basis of accounting. The Company, as a first-time adopter of IFRS, recognizes that certain information may be subject to change during its transition phase to its first annual consolidated financial statements that will comply with IFRS for the year ended December 31, 2010.

The effect of the restatement increases the Company's equity-accounted and long-term investments by $150 million, decreases deferred tax liabilities by $2 million, and increases common equity by $152 million. Included within the increase in common equity was a decrease of $18 million to net loss and an increase of $8 million to comprehensive income for the year ended December 31, 2009.

Certain comparative figures in notes 4, 6, 12 and 15 have also been restated to reflect the restated comparative information.

The restatement has no impact on the statements of (loss) income and comprehensive (loss) income, or statements of cash flows for the three and six month periods ended June 30, 2010 and 2009.

4. TRANSITION TO IFRS

The Company adopted IFRS on January 1, 2010, with a date of transition effective January 1, 2009. Prior to the adoption of IFRS the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting policies ("Canadian GAAP"). The first annual financial statements issued by the Company that will comply with IFRS will be those issued for the year ending December 31, 2010. Accordingly, the Company will make an unreserved statement of compliance with IFRS beginning with its 2010 annual consolidated financial statements. The Company's transition date is January 1, 2009 (the "transition date") and the Company has prepared its opening IFRS balance sheet at that date. These financial statements have been prepared in accordance with the accounting policies described in Note 2 and in accordance with the requirements of IFRS 1, which is applicable upon first-time adoption of IFRS. IFRS 1 requires that the same policies be applied for all periods presented and that those policies be based on IFRS effective at the end of the first IFRS year, or December 31, 2010, for the Company. The Company will ultimately prepare its opening balance sheet by applying existing IFRS with an effective date of December 31, 2010 or earlier. Accordingly, it is possible that the opening balance sheet and annual consolidated financial statements for 2009 may differ from the information presented in these interim financial statements.

(a) Mandatory exceptions to retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied certain mandatory exceptions from full retrospective application of IFRS. The mandatory exceptions applied from full retrospective application of IFRS are described below.

(i) Hedge accounting

Only hedging relationships that satisfied the hedge accounting criteria as of the transition date are reflected as hedges in the Company's results under IFRS. Any derivatives not meeting the IAS 39 criteria for hedge accounting were recorded as non-hedging derivative financial instruments.

(ii) Estimates

Hindsight was not used to create or revise estimates and accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(b) Elected exemptions from full retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

(i) Business combinations

The Company has applied the business combinations exemption in IFRS 1 to not apply IFRS 3R, Business Combinations, retrospectively to past business combinations. Accordingly, the Company has not restated business combinations that took place prior to the transition date.

(ii) Employee benefits

The Company has elected to recognize all cumulative actuarial gains and losses as at the transition date in opening deficit for the Company's employee benefit plans.

(iii) Cumulative translation differences

The Company has elected to set the previously accumulated cumulative translation account, which is included in accumulated OCI, to zero at the transition date. This exemption has been applied to all subsidiaries.

(iv) Service concession arrangements

The Company has elected to apply the transitional provisions set out in IFRIC 12, Service Concession Arrangements ("IFRIC 12"), to not apply IFRIC 12 retrospectively to past concession arrangements.

(v) Borrowing costs

The Company has elected to apply the transitional provisions set out in IAS 23, Borrowing Costs, to designate the transition date as the date to commence capitalization of borrowing costs for qualifying assets as defined in the standard.

(c) Reconciliation of equity as reported under Canadian GAAP and IFRS

The following is a reconciliation of the Company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS at the transition date:

$US millions	Notes	Common equity	Preferred equity	Non-controlling interests	Total equity
As reported under Canadian GAAP – December 31, 2008		(18)	1,391	-	1,373
Reclassification of non-controlling interests to shareholders' equity under IFRS		-	-	239	239
Differences increasing (decreasing) reported amounts:					
Revaluation method	(i)	8,063	-	267	8,330
Revenue recognition	(ii)	(327)	-	(109)	(436)
Fund unit liability	(iii)	(138)	-	(146)	(284)
Deferred taxes	(iv)	(2,693)	-	-	(2,693)
Other		8	-	4	12
As reported under IFRS – January 1, 2009		4,895	1,391	255	6,541

The following is a reconciliation of the Company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS at December 31, 2009:

$US millions	Notes	Common equity	Preferred equity	Non-controlling interests	Total equity
As reported under Canadian GAAP – December 31, 2009		(456)	1,633	-	1,177
Reclassification of non-controlling interests to shareholders' equity under IFRS		-	-	208	208
Differences increasing (decreasing) reported amounts:					
Revaluation method	(i)	7,814	-	253	8,067
Revenue recognition	(ii)	(281)	-	(94)	(375)
Fund unit liability	(iii)	(562)	-	(337)	(899)
Deferred taxes	(iv)	(2,625)	-	-	(2,625)
Other		232	-	232	464
As reported under IFRS – December 31, 2009 (restated – see Note 3)		4,122	1,633	262	6,017

The following is a reconciliation of the Company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS at June 30, 2009:

$US millions	Notes	Common equity	Preferred equity	Non-controlling interests	Total equity
As reported under Canadian GAAP – June 30, 2009		(725)	2,491	-	1,766
Reclassification of non-controlling interests to shareholders' equity under IFRS		-	-	300	300
Differences increasing (decreasing) reported amounts:					
Revaluation method	(i)	8,096	-	274	8,370
Revenue recognition	(ii)	(310)	-	(103)	(413)
Fund unit liability	(iii)	(149)	-	(206)	(355)
Deferred taxes	(iv)	(2,818)	-	-	(2,818)
Other		160	-	33	193
As reported under IFRS – June 30, 2009		4,254	2,491	298	7,043

(i) Revaluation method

Under IFRS, the Company measures certain classes of property, plant and equipment at their revalued amount, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses, whereas for Canadian GAAP, the Company recorded such assets at historical cost, less accumulated depreciation. The increase in shareholders' equity relates to the difference in the fair value of property, plant and equipment and their carried amounts for Canadian GAAP.

(ii) Revenue recognition

Certain power generation revenues were recognized on a levelized basis for Canadian GAAP, but are recognized on an accrual basis for IFRS, as the power is delivered.

(iii) Fund unit liability

Non-controlling interests in the net assets of subsidiaries held in the form of equity securities that contain a feature that allows the holder to redeem the instrument for cash or another financial asset are presented as a liability and recorded at fair value. Under Canadian GAAP, these interests were presented within non-controlling interests and measured at the pro-rata share of net assets not owned by the Company of such subsidiaries.

(iv) Deferred taxes

The change in shareholders' equity related to deferred taxes reflects the change in temporary differences resulting from the effect of the IFRS adjustments described.

(d) Reconciliation of net income as reported under Canadian GAAP to IFRS

The following is a reconciliation of the Company's net income reported in accordance with Canadian GAAP to its net income in accordance with IFRS for the year ended December 31, 2009 and the three and six month periods ended June 30, 2009:

$US millions	Notes	Three months ended June 30 , 2009	Six months ended June 30, 2009	Year ended December 31, 2009
				(restated – see Note 3)
Net income as reported under Canadian GAAP		$ 144	$ 244	$ 424
Reclassification of non-controlling interests under IFRS	(i)	23	45	(55)
Differences increasing (decreasing) reported amounts:				
Depreciation	(ii)	(34)	(77)	(185)
Revenue recognition	(iii)	10	23	61
Energy derivative contracts	(iv)	(4)	12	10
Fund unit liability	(v)	(30)	(17)	(244)
Deferred taxes	(vi)	(86)	(86)	104
Other		(23)	(58)	(221)
		(144)	(158)	(530)
Net income (loss) as reported under IFRS		-	$ 86	$ (106)
Attributable to:				
Non-controlling interests		$ 8	$ 17	$ 30
Common shareholder		(8)	69	(136)
		$ -	$ 86	$ (106)

(i) Non-controlling interests
Non-controlling interests in the income of subsidiaries is included in the determination of net income reported by an entity under Canadian GAAP. Under IFRS, this adjustment adds back non-controlling interests to net income as reported under Canadian GAAP.

(ii) Depreciation
Certain depreciable assets were recorded at fair value on transition which resulted in higher depreciation expense.

(iii) Revenue recognition
Certain power generation revenues were recognized on a levelized basis for Canadian GAAP, but are recognized on an accrual basis for IFRS, as the power is delivered.

(iv) Energy derivative contracts
Under IFRS, certain energy derivative contracts are adjusted to fair value at each reporting date, with changes in fair value recorded in net income, whereas the contracts were exempt from being adjusted to fair value under Canadian GAAP as the contracts did not specify a notional amount.

(v) Fund unit liability
Non-controlling interests in the net assets of subsidiaries held in the form of equity securities that contain a feature that allows the holder to redeem the instrument for cash or another financial asset are presented as a liability and recorded at fair value with changes in fair value recorded in net income. For Canadian GAAP, these interests were presented within non-controlling interests, and measured at the pro-rata share of net assets not owned by the Company of such subsidiaries. This adjustment reflects the change in fair value under IFRS during the period.

(vi) Deferred taxes

The change related to deferred taxes reflects the change in temporary differences resulting from the effect of the IFRS adjustments described above.

(e) Reconciliation of comprehensive income as reported under Canadian GAAP and IFRS

The following is a reconciliation of the Company's comprehensive income reported in accordance with Canadian GAAP to its comprehensive income in accordance with IFRS for the year ended December 31, 2009 and the three and six month periods ended June 30, 2009:

$US millions	Notes	Three months ended June 30, 2009	Six months ended June 30, 2009	Year ended December 31, 2009 (restated – see Note 3)
Comprehensive income as reported under Canadian GAAP		$ 284	$ 417	$ 691
Differences increasing (decreasing) reported amounts:				
Differences in net income	(i)	(144)	(158)	(530)
Changes in other comprehensive income				
Foreign currency translation	(ii)	259	184	358
Available-for-sale securities	(iii)	6	11	14
Revaluation of property, plant and equipment	(iv)	-	40	(137)
Other		-	-	(21)
		121	77	(316)
Comprehensive income as reported under IFRS		$ 405	$ 494	$ 375
Attributable to:				
Non-controlling interests		$ 8	$ 17	$ 30
Common shareholder		397	477	345
		$ 405	$ 494	$ 375

(i) Differences in net income

Reflects the differences in net income between Canadian GAAP and IFRS as described in note 4(d) for the respective period.

(ii) Foreign currency translation

Assets and liabilities of foreign operations having a functional currency other than the US dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at average rates during the period. The increase in property, plant and equipment related to measurement at their revalued amounts creates increased foreign currency translation adjustments recorded in OCI.

(iii) Available-for-sale securities

Under IFRS, available-for-sale securities that are not traded in an active market but for which fair value can be reliably determined, are measured at fair value, whereas for Canadian GAAP, these securities are recorded at cost. The change in fair value is recorded in OCI.

(iv) Revaluation of property, plant and equipment

The Company measures property, plant and equipment at their revalued amount. Revaluation of these assets in excess of their cost, less accumulated depreciation is recorded as a component of shareholders' equity in revaluation surplus.

5. RELATED PARTY TRANSACTIONS

The following table summarizes the income statement impact of related party transactions for the period:

	Three months ended June 30,		Six months ended June 30,	
$US millions	**2010**	2009	**2010**	2009
Revenues and other income				
Sale of power to Katahdin Paper Company	**$ 5**	$ 5	**$ 8**	$ 10
Sale of power to Fraser New Hampshire	**1**	1	**2**	2
Other	**5**	7	**8**	6
	$ 11	$ 13	**$ 18**	$ 18
Expenses				
Interest on convertible debentures	**$ 24**	$ -	**$ 51**	$ -
Interest expense on notes payable to subsidiaries of Brookfield	**4**	2	**6**	18
Insurance services from Riskcorp Inc.	**3**	3	**7**	5
	$ 31	$ 5	**$ 64**	$ 23

The following table summarizes the balances receivable from/payable to related parties:

$US millions	**June 30, 2010**	December 31, 2009	January 1, 2009
Demand deposits and promissory notes with Brookfield and affiliates	**$ 587**	$ 514	$ 371
Securities held in related parties	**161**	156	128
Notes receivable from Brookfield and a wholly-owned subsidiary of Brookfield	**576**	578	1,556
Due from other owners of jointly-controlled subsidiaries	**8**	7	8
Note payable on demand to a wholly-owned subsidiary of Brookfield	**$ 32**	$ 32	$ -
Note payable to Brookfield or to a wholly-owned subsidiary of Brookfield	**115**	70	1,207
Convertible debentures payable to Brookfield (Note 7)	**940**	1,086	-

The amounts outstanding are unsecured. No guarantees have been given or received. No expense has been recognized in the period for bad or doubtful accounts in respect of balances receivable from/payable to related parties.

The following table summarizes balances between the Company and its equity-accounted investments:

	As at June 30, 2010		As at December 31, 2009	
$US millions	Due from the Company	Due to the Company	Due from the Company	Due to the Company
Infrastructure:				
Brookfield Infrastructure L.P.	$ -	$ -	$ -	$ -
ETC Holdings Ltd.	-	-	-	-
Power generation:				
Bear Swamp Power Co. LLC	-	1	1	1
Powell River Energy Inc.	-	18	-	19
Pingston Power Inc.	-	-	-	-
Galera Centrais Elétricas S.A.	-	-	-	-
	$ -	$ 19	$ 1	$ 20

During the three and six month periods ended June 30, 2010, the Company sold $2 million and $5 million worth of power to Bear Swamp Power Co. LLC, respectively, (three and six month periods ended June 30, 2009 - $4 million and $6 million, respectively).

6. EQUITY-ACCOUNTED AND LONG-TERM INVESTMENTS

The following are the Company's equity-accounted and long-term investments:

	Legal ownership interest			Carried value		
$US millions	June 30, 2010	December 31, 2009	January 1, 2009	**June 30, 2010**	December 31, 2009 (restated – see Note 3)	January 1, 2009
Infrastructure:						
Brookfield Infrastructure L.P.	40%	40%	-	**$ 694**	$ 763	$ -
ETC Holdings Ltd. [(1)]	10%	10%	-	**128**	134	-
Power generation:						
Bear Swamp Power Co. LLC	50%	50%	50%	**118**	119	143
Powell River Energy Inc.	24%	24%	25%	**44**	65	54
Pingston Power Inc.	24%	24%	50%	**21**	22	36
Galera Centrais Elétricas S.A.	50%	50%	50%	**66**	70	59
				$ 1,071	$ 1,173	$ 292
Other investments				**39**	17	-
				$ 1,110	$ 1,190	$ 292

[(1)] Brookfield Renewable's ownership interest in ETC Holdings Ltd. provides the Company the ability to place a member on the board. Combined with Brookfield's additional ownership of ETC Holdings Ltd., the Company is deemed to be able to maintain significant influence over the decision making and operations of ETC Holdings Ltd.

The following table presents the changes in the Company's equity-accounted and long-term investments for the six month period ended June 30, 2010, and the year ended December 31, 2009:

$US millions	**2010**	2009
Equity-accounted and long-term investments, beginning of year	**$ 1,190**	$ 292
Share of profits (losses) in equity-accounted investments	**19**	(1)
Share of other comprehensive loss in equity-accounted investments	**(42)**	(33)
Dividends received	**(37)**	(18)
Acquisitions	**-**	973
Other	**(20)**	(23)
Equity-accounted and long-term investments, end of period	**$ 1,110**	$ 1,190

The following tables summarize certain financial information of equity- accounted investments:

	June 30, 2010		December 31, 2009		January 1, 2009	
$US millions	**Assets**	**Liabilities**	Assets	Liabilities	Assets	Liabilities
Infrastructure:						
Brookfield Infrastructure L.P.	**$ 1,862**	**$ (127)**	$ 1,996	$ (132)	$ -	$ -
ETC Holdings Ltd.	**3,738**	**(2,552)**	4,096	(2,838)	-	-
Power generation:						
Bear Swamp Power Co. LLC	**540**	**(319)**	566	(328)	602	(315)
Powell River Energy Inc.	**251**	**(145)**	256	(129)	200	(94)
Pingston Power Inc.	**157**	**(67)**	180	(68)	127	(56)
Galera Centrais Elétricas S.A.	**156**	**(4)**	143	(5)	129	(10)
	$ 6,704	**$ (3,214)**	$ 7,237	$ (3,500)	$ 1,058	$ (475)

	Three months ended June 30, 2010			Six months ended June 30, 2010		
$US millions	**Revenue**	**Income (loss)**	**Share of Income (loss)**	**Revenue**	**Income (loss)**	**Share of Income (loss)**
Infrastructure:						
Brookfield Infrastructure L.P.	**$ 9**	**$ 17**	**$ 6**	**$ 17**	**$ 17**	**$ 6**
ETC Holdings Ltd.	**81**	**33**	**3**	**148**	**59**	**6**
Power generation:						
Bear Swamp Power Co. LLC	**23**	**(62)**	**(31)**	**44**	**15**	**7**
Powell River Energy Inc.	**6**	**(1)**	**-**	**11**	**(1)**	**-**
Pingston Power Inc.	**4**	**(2)**	**-**	**4**	**-**	**-**
Galera Centrais Elétricas S.A.	**3**	**(2)**	**(1)**	**6**	**-**	**-**
	$ 126	**$ (17)**	**$ (23)**	**$ 230**	**$ 90**	**$ 19**

	Three months ended June 30, 2009			Six months ended June 30, 2009		
$US millions	Revenue	Income	Share of Income	Revenue	Income	Share of Income
Infrastructure:						
Brookfield Infrastructure L.P.	$ -	$ -	$ -	$ -	$ -	$ -
ETC Holdings Ltd.	-	-	-	-	-	-
Power generation:						
Bear Swamp Power Co. LLC	19	14	7	38	30	15
Powell River Energy Inc.	4	2	1	7	-	-
Pingston Power Inc.	3	1	-	3	-	-
Galera Centrais Elétricas S.A.	4	1	-	6	3	1
	$ 30	$ 18	$ 8	$ 54	$ 33	$ 16

7. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including market risk (i.e., commodity price risk, interest rate risk, and currency risk), credit risk and liquidity risk. The Company and its subsidiaries use derivative financial instruments primarily to manage these risks.

(a) Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices.

The Company faces market risk from foreign currency assets and liabilities and the impact of changes in interest rates, and floating rate assets and liabilities. Market risk is managed by funding assets with financial liabilities in the same currency and with similar interest rate characteristics and holding financial contracts, such as interest rate and foreign exchange derivatives, to minimize residual exposures. Financial instruments held by the Company that are subject to market risk include securities, loans receivable, borrowings and derivative instruments, such as interest rate, currency and commodity contracts. The categories of financial instruments that can give rise to significant variability are described below:

(i) Commodity price risk

Commodity price risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in commodity prices.

The Company is selling electricity under long-term contracts, as well as entering into shorter-term financial contracts, to mitigate certain exposures to wholesale markets. Certain of the long-term contracts are considered financial instruments, and are recorded at fair value in the consolidated financial statements. The change in fair value of short-term and long-term contracts is recorded in either income or OCI, as applicable.

(ii) Interest rate risk

Interest rate risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate, because of changes in interest rates.

The Company's assets largely consist of long duration physical assets. Accordingly, the Company's financial liabilities consist primarily of long-term fixed rate debt or floating rate debt that has been swapped to fixed rates with interest rate derivatives. These financial liabilities are recorded at their amortized cost. The Company also holds interest rate contracts to lock in fixed rates on anticipated future debt issuances.

(iii) Currency risk

Changes in currency rates will impact the carrying value of assets and liabilities denominated in currencies other than the US dollar.

To mitigate these risks, the Company designates certain monetary liabilities as hedges against its investment in the Canadian subsidiaries. In addition, the Company monitors the risk associated with foreign exchange rate fluctuations and, from time to time, may enter into forward foreign exchange contracts or employ other hedging strategies.

The Company is also exposed to foreign exchange risk arising on the translation of foreign monetary assets and liabilities recorded in its US functional subsidiaries. Gains and losses arising on the translation of these items are included in the statements of income under the "other" caption.

(b) Credit risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. The Company's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding energy derivative contracts, interest rate swaps, forward foreign exchange contracts, and physical electricity and gas transactions.

The Company minimizes credit risk with counterparties to financial instruments and physical electricity and gas transactions through the selection, monitoring and diversification of counterparties, and the use of standard trading contracts, collateral and other credit risk mitigation techniques. In addition, the Company's power purchase agreements are reviewed regularly and are almost exclusively with customers having long standing credit histories or investment grade ratings, which limit the risk of non-collection.

(c) Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund an obligation when due. Liquidity risk is mitigated by the Company's cash and cash equivalent balances, its access to undrawn credit facilities and through the use and management of securities held in related parties and amounts due from related parties.

The Company is also subject to the risk associated with debt financing. This risk is mitigated by the long-term duration of debt instruments and the diversification in maturity dates over an extended period of time.

FINANCIAL INSTRUMENT DISCLOSURES

The Company classifies its financial assets and liabilities as outlined below:

Cash and cash equivalents are designated as financial assets held for trading and are measured at fair value with any changes in fair value recorded in net income at each period end.

Securities held in related parties are classified as available-for-sale and are recorded at fair value with changes in fair value recorded through OCI at each period end.

Accounts receivable and other and due from related parties are classified as loans and receivables. Accounts payable and other, due to related parties, corporate borrowings, subsidiary borrowings and convertible debentures are classified as other financial liabilities. Each are measured at fair value at inception and are recorded at amortized cost using the effective interest method.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Company has immediate access. Where bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, the Company looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, and price and rate volatilities, as applicable. The fair value of interest rate swap contracts, which form part of financing arrangements, is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads.

Derivative financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

i. Level 1 – inputs are based on unadjusted quoted prices in active markets for identical assets and liabilities;
ii. Level 2 – inputs, other than quoted prices in Level 1, that are observable for the asset or liability, either directly or indirectly; and
iii. Level 3 – inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's derivative financial instruments measured at fair value classified by the fair value hierarchy as at June 30, 2010:

$US millions	Level 1	Level 2	Level 3	Net position
Energy derivative contracts	$ 2	$ (16)	$ 453	$ 439
Interest rate swaps	-	-	(28)	(28)
Foreign exchange contracts	-	-	(2)	(2)
	$ 2	$ (16)	$ 423	$ 409

The following table presents the changes in fair value measurements for the Company's net derivative position included in Level 3 of the fair value hierarchy as set out above:

	Level 3
Balance, December 31, 2009	$ 545
Additions	12
Settled	(277)
Price change for existing derivatives	149
Foreign exchange and other	(6)
Balance, June 30, 2010	$ 423

The aggregate amount of the Company's net derivative positions are as follows:

$US millions	Note	June 30, 2010	December 31, 2009	January 1, 2009
Energy derivative contracts	(a)	$ 439	$ 392	$ 47
Interest rate swaps	(b)	(28)	(24)	(33)
Foreign exchange contracts	(c)	(2)	(2)	-
Convertible debentures	(d)	-	172	-
		$ 409	$ 538	$ 14

(a) Energy derivative contracts

The Company has entered into energy derivative contracts primarily to hedge the sale of future power generation. The Company endeavours to link forward electricity sale derivatives to specific periods in which it expects to generate electricity for sale. All energy derivative contracts are recorded in the Company's consolidated financial statements at an amount equal to fair value, using quoted market prices or, in their absence, a valuation model using both internal and third-party evidence and forecasts.

The change in the fair values of the Company's energy derivative contracts during the second quarter of 2010 are a result of the current fluctuating energy price environment.

The fair value of the Company's energy derivative contracts are as follows:

$US millions	June 30, 2010	December 31, 2009	January 1, 2009
Current derivative assets	$ 173	$ 248	$ 61
Non-current derivative assets	369	264	57
Current derivative liabilities	(27)	(10)	(16)
Non-current derivative liabilities	(76)	(110)	(55)
	$ 439	$ 392	$ 47

The realized component of the Company's energy derivative contracts included in revenues was a $20 million gain and $51 million gain for the three and six month periods ended June 30, 2010, respectively, ($40 million gain and $61 million gain for the three and six month periods ended, June 30, 2009, respectively)

For the three and six month periods ended June 30, 2010, the Company's unrealized loss and gain on energy derivative contracts included in income was a $12 million loss and $106 million gain, respectively, (three and six month periods ended June 30, 2009 - $15 million loss and $30 million gain, respectively).

The unrealized loss included in the OCI for the three and six month periods ended June 30, 2010, related to the Company's energy derivative contracts, net of gains or losses on derivatives that settled during the period, was $39 million and $36 million, net of income taxes, respectively, (three and six month periods ended June 30, 2009 – $2 million loss, $27 million gain, respectively). In the next 12 months, it is expected that $53 million is going to be settled or reclassified into income for the period.

As at June 30, 2010, a 5% increase or decrease in the market price of electricity on the financial instruments recorded in the consolidated financial statements, with all other variables remaining constant, would have decreased or increased net income by $60 million and decreased or increased OCI by $6 million.

(b) Interest rate swaps

The Company has entered into interest rate swap contracts primarily to minimize exposure to interest rate fluctuations on its variable rate debt or to lock in interest rates on future debt refinancing. All interest rate swap contracts are recorded in the Company's consolidated financial statements at an amount equal to fair value.

The fair value of the Company's interest rate swap contracts are as follows:

$US millions	June 30, 2010	December 31, 2009	January 1, 2009
Current derivative assets	$ -	$ -	$ -
Non-current derivative assets	-	-	-
Current derivative liabilities	(12)	(13)	-
Non-current derivative liabilities	(16)	(11)	(33)
	$ (28)	$ (24)	$ (33)

For the three and six month periods ended June 30, 2010, the loss included in OCI related to interest rate swaps was $nil and $3 million, net of income taxes, respectively, (three and six month periods ended June 30, 2009 - $9 million gain and $10 million gain, net of income taxes, respectively).

(c) Foreign exchange contracts

The Company has entered into foreign exchange contracts primarily to minimize exposure to fluctuations in foreign currencies in which it and its subsidiaries operate. All foreign exchange contracts are recorded in the Company's consolidated financial statements at an amount equal to fair value.

The fair value of the Company's foreign exchange contracts are as follows:

$US millions	June 30, 2010	December 31, 2009	January 1, 2009
Current derivative assets	$ -	$ -	$ -
Non-current derivative assets	-	-	-
Current derivative liabilities	(2)	(2)	-
Non-current derivative liabilities	-	-	-
	$ (2)	$ (2)	$ -

For the three and six month periods ended June 30, 2010, the gain included in OCI related to foreign exchange contracts was $2 million and $nil, net of income taxes , respectively, (three and six month periods ended June 30, 2009 - $nil and $nil, respectively).

(d) Convertible debentures

The Company issued convertible debentures to Brookfield in the amount of CDN$1,000 million that bear interest at a rate of 10% per annum (December 31, 2009 – 14% per annum), with no fixed repayment schedule. The convertible debentures mature on September 1, 2019. Prior to April 1, 2010, the fair value of the debentures' early repayment option, without penalty, had been accounted for as an embedded derivative. The renegotiation of the rate during the second quarter of 2010 resulted in the extinguishment of the embedded derivative. The fair value of the Company's derivative associated with its convertible debentures is as follows:

$US millions	June 30, 2010	December 31, 2009	January 1, 2009
Current derivative assets	$ -	$ -	$ -
Non-current derivative assets	-	172	-
Current derivative liabilities	-	-	-
Non-current derivative liabilities	-	-	-
	$ -	$ 172	$ -

For the three and six month periods ended June 30, 2010, the Company's loss on its convertible debentures included in income was $39 million and $36 million, respectively, (three and six month periods ended June 30, 2009 – $nil and $nil, respectively).

8. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares, as well as an unlimited number of Class A, Class B and Class C preferred shares. At June 30, 2010, there were no Class A or Class C preferred shares outstanding.

Issued and fully paid (Number of Shares)

	Common Shares	Class B Preferred Shares
December 31, 2009	2,488,278	73,191,974
June 30, 2010	2,488,279	73,191,974

Issued and fully paid (Share Capital)

$US millions	Common Shares	Class B Preferred Shares
December 31, 2009	$ 622	$ 1,633
June 30, 2010	$ 622	$ 1,633

The Company's distributions to the holder of the common shares consisted of $50 million and $64 million in the form of common share dividends for the three and six month periods ended June 30, 2010, respectively, ($14 million and $1,128 million for the three and six months periods ended June 30, 2009, respectively)

Stock based compensation expense related to the granting of stock options and deferred share units of Brookfield is recorded as a $1 million increase and $2 million increase to contributed surplus during the three and six months periods ended June 30, 2010, respectively, (three and six month periods ended June 30, 2009 - $2 million and $4 million, respectively.)

The Class B preferred shares are non-voting, can be redeemed at the Company's discretion at CDN$25 per share, and are entitled to receive dividends if declared by the Board of Directors of the Company. No dividends were declared.

9. PROPERTY, PLANT AND EQUIPMENT

The composition of the net book value of the Company's property, plant and equipment, is presented in the following table:

				Generating units				
$US millions	**Dams**	**Penstocks**	**Powerhouses**	**Hydro-electric**	**Wind**	**Gas-fired**	**Other assets** [1]	**Total**
At Jan. 1, 2009	8,195	768	880	1,586	302	44	706	12,481
Foreign exchange	1,210	38	27	76	48	10	(153)	1,256
Additions/transfers	10	21	1	36	-	-	18	86
Revaluation	(538)	7	-	78	30	12	140	(271)
Disposals	(1)	-	-	-	-	(1)	(51)	(53)
Depreciation	(237)	(26)	(29)	(48)	(20)	(1)	(44)	(405)
Impairment	(3)	-	-	-	-	(4)	-	(7)
At Dec. 31, 2009	8,636	808	879	1,728	360	60	616	13,087
Foreign exchange	(429)	33	1	(87)	(3)	(3)	359	(129)
Additions/transfers	74	-	-	4	(1)	-	25	102
Revaluation	39	-	-	-	-	-	-	39
Depreciation	(130)	(17)	(15)	(37)	(12)	(2)	(18)	(231)
At June 30, 2010	8,190	824	865	1,608	344	55	982	12,868

[1] Included within the "Other assets" category are land, roads, buildings, equipment, transmission and distribution systems, asset retirement obligations, leasehold improvements and construction work-in-progress.

Certain of the Company's property, plant and equipment, comprised of dams, penstocks, powerhouses, hydroelectric generating units, wind generating units, gas-fired generating units, and other assets are carried at revalued amounts as opposed to historical cost. This property, plant and equipment were revalued by using a discounted cash flow valuation model that incorporates the Company's expectations about future electricity prices in geographic areas in which it operates, estimated capital expenditures for each of the Company's respective plants over a twenty year period, and assumptions about future inflation rates and discount rates. The valuation model also incorporates future cash inflows from power purchase agreements that are already in place with certain of the Company's customers, and estimated future major maintenance expenditures over a twenty year period. A revaluation increase of $8,330 million was recorded upon the Company's transition to IFRS on January 1, 2009, with a revaluation decrease of $263 million recorded on December 31, 2009, the date of the latest revaluation.

As construction work-in-progress is completed, the revalued amount is transferred from "Other assets" to the respective asset class. The Company considers construction work-in-progress to be substantially complete once the asset is available for use in commercial operation. Commercial operation is defined as the point in time when the asset is able to produce power for sale.

For the three and six month periods ended June 30, 2010, $1 million and $3 million of interest was capitalized, respectively, (three and six month periods ended June 30, 2009- $3 million and $4 million, respectively).

Had the Company's revalued property, plant and equipment been measured on a historical cost basis, their carrying amounts, net of accumulated depreciation, would have been as follows as at:

$US millions	**June 30, 2010**	December 31, 2009
Dams	**$ 1,424**	$ 1,707
Penstocks	**452**	461
Powerhouses	**392**	400
Hydroelectric generating units	**1,055**	969
Wind generating units	**450**	308
Gas-fired co-generating units	**51**	53
Other assets [1]	**940**	809
	$4,764	$ 4,707

[1] Included within the "Other assets" category are land, roads, buildings, equipment, transmission and distribution systems, asset retirement obligations, leasehold improvements and construction work-in-progress.

The Company has pledged a significant amount of its property, plant and equipment as security for its subsidiary borrowings.

10. CORPORATE BORROWINGS

The following table presents the Company's corporate borrowings, including certain of its underlying characteristics. All corporate debt is unsecured.

	As at June 30, 2010					
$US millions	Maturity	Interest rates	Principal Balance	**June 30, 2010**	December 31, 2009	January 1, 2009
CDN Corporate debt						
Series 1	-	-	$ -	**$ -**	$ -	$ 369
Series 3 (CDN$200)	2018	5.25%	188	**187**	189	163
Series 4 (CDN$150)	2036	5.84%	141	**140**	141	122
Series 5 (CDN$400)	2012	8.75%	376	**375**	379	-
Series 6 (CDN$300)	2016	6.13%	282	**280**	284	-
Total corporate debt		6.92%	$ 987	**$ 982**	$ 993	$ 654
Less: current portion				**-**	-	(369)
				$ 982	$ 993	$ 285

11. SUBSIDIARY BORROWINGS

The principal repayments on subsidiary borrowings due within the next five calendar years and thereafter, are as follows:

$US millions	Canada	United States	Brazil	Total
2010	$ 11	$ 14	$ 24	$ 49
2011	34	42	50	126
2012	248	272	61	581
2013	39	51	240	330
2014	12	201	64	277
Thereafter	864	1,306	208	2,378
Total principal – June 30, 2010	$ 1,208	$ 1,886	$ 647	$ 3,741
Total amortized cost – June 30, 2010	$ 1,180	$ 1,870	$ 637	$ 3,687
Total amortized cost – December 31, 2009	$ 1,171	$ 1,894	$ 607	$ 3,672

Subsidiary borrowings are denominated in local currency, have an average duration of 11 years, and are generally secured by the assets of the subsidiary. The weighted-average interest rates of our subsidiary borrowings by jurisdiction are as follows:

Canada	6.62%
United States	7.43%
Brazil	9.75%
Total-weighted average interest rate	**7.71%**

Interest rates on the Company's subsidiary borrowings in Canada and the US are fixed. Interest rates on the Company's subsidiary borrowings in Brazil are generally at a floating rate of TJLP, the Brazil National Bank for Economic Development's long-term interest rate, plus a margin.

12. INCOME TAXES

The major components of income tax recovery (expense) for the periods ended June 30 are set out below:

$US millions	For the three months ended June 30, 2010	2009	For the six months ended June 30, 2010	2009
Total current income tax expense	**$ (3)**	$ (6)	**$ (9)**	$ (12)
Total deferred income tax recovery (expense)	**$ 54**	$ 2	**$ 17**	$ (7)
Tax expense included in other comprehensive (loss) income				
Foreign currency translation	**-**	-	**-**	-
Available-for-sale securities	**-**	-	**-**	-
Derivative instruments designated as cash flow hedges	**9**	1	**5**	(9)
Revaluations of property, plant and equipment	**-**	-	**-**	-
Share of other comprehensive loss in equity-accounted income	**-**	-	**-**	-
	9	1	**5**	(9)
Total income tax recovery (expense)	**$ 60**	$ (3)	**$ 13**	$ (28)

The Company's effective tax rate is different from the Company's domestic statutory income tax rate due to the differences set out below:

	For the six months ended June 30, 2010	2009
Statutory income tax rate (calculated at the combined federal and provincial tax rates)	**(31)%**	33%
Increase (reduction) in rate resulting from:		
Dividends subject to tax prior to receipt by the Company	**(1)**	(1)
International operations subject to different tax rates	**(25)**	(10)
Change in tax rates on temporary differences	**-**	(1)
Foreign exchange gains and losses	**(1)**	-
Non-taxable gain regarding equity-accounted investments	**11**	-
Deemed profit method differences in Brazil	**9**	-
Difference between statutory rate and future tax rate	**(15)**	6
Other	**(12)**	(15)
Effective income tax rate, before change in Fund unit liability	**(65)%**	12%
Change in Fund unit liability	**44**	5
Effective income tax rate	**(21)%**	17%

The Company's change in the Fund unit liability represents a permanent tax difference, which is not tax-effected. During the three and six month periods ended June 30, 2010, the Company recorded a gain of $42 million, and a loss of $59 million, respectively, (three and six month periods ended June 30, 2009 – loss of $30 million and $17 million, respectively) relating to the Fund unit liability. This loss decreases accounting income before income taxes, therefore creating a higher effective income tax rate.

The following table details the expiry date, if applicable, of the unrecognized deferred tax assets:

$US millions	June 30, 2010	December 31, 2009
2010 to 2014	**$ -**	$ -
2015	**1**	1
2016 and thereafter	**21**	20
	$ 22	$ 21

The Company's deferred income tax assets and liabilities relate to the following:

$ US millions	**June 30, 2010**	December 31, 2009 (restated – see Note 3)	January 1, 2009
Deferred tax asset			
Non-capital losses	**$ 88**	$ 62	$ 66
Capital losses	**3**	2	2
Total deferred tax asset	**$ 91**	$ 64	$ 68
Deferred tax liability			
Difference between tax and carrying value	**$ 2,871**	$ 2,910	$ 2,962
Other	**75**	-	-
Total deferred tax liability	**$ 2,946**	$ 2,910	$ 2,962

13. OTHER LONG-TERM LIABILITIES

The Company's other long-term liabilities are comprised of the following:

$US millions	**June 30, 2010**	December 31, 2009	January 1, 2009
Fund unit liability (note 4)	**$ 915**	$ 899	$ 284
Deferred gain on derivative liabilities	**300**	441	19
Other	**143**	135	110
	$ 1,358	$ 1,475	$ 413

14. SUPPLEMENTAL INFORMATION

The Company's cash and cash equivalents are comprised of the following:

$US millions	**June 30, 2010**	December 31, 2009	January 1, 2009
Cash	**$ 106**	$ 59	$ 45
Short-term deposits	**61**	80	95
Restricted cash	**26**	29	35
	$ 193	$ 168	$ 175

The net change in non-cash working capital shown in the consolidated statements of cash flows is comprised of the following:

	For the three months ended June 30,		**For the six months ended June 30,**	
$US millions	**2010**	2009	**2010**	2009
Accounts receivable and other	**$ 28**	$ 2	**$ 22**	$ 4
Accounts payable and other	**10**	(38)	**(51)**	55
Effect of foreign exchange	**(60)**	39	**(10)**	25
	$ (22)	$ 3	**$ (39)**	$ 84

15. SEGMENTED INFORMATION

The Company operates mostly renewable power assets, which include conventional hydroelectric generating assets located in Canada, the United States and Brazil, a pumped storage hydroelectric facility located in the United States and a wind farm located in Canada. The Company also operates two combined cycle natural gas-fired generating units ("co-gen"), one in Canada and one in the United States, and, until the fourth quarter of 2009, operated an electricity distribution business ("distribution") in Northern Ontario. Management evaluates the business based on the type of power generation (Hydroelectric, Wind and Other). Hydroelectric is further evaluated by major region (Canada, the United States and Brazil) for conventional hydroelectric generation. The other segment includes the combined performance of the co-gen, equity-accounted investments, and until its sale, the distribution business.

In accordance with IFRS 8, *Operating Segments*, the Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The accounting policies of the reportable segments are the same as those described in note 2 of these consolidated financial statements. The Company analyzes the performance of its operating segments based on operating cash flow, which consists of revenues from the Company's power operations, net of direct operating costs. Management uses this measure to assess the operating performance of its reportable segments.

	Conventional Hydroelectric			Wind	Other	Total
$US millions	Canada	United States	Brazil			
Three month period ended June 30, 2010:						
Revenues	$ 47	$ 134	$ 63	$ 9	$ 10	$ 263
Operating cash flow	15	100	40	8	1	164
Interest expense - borrowings	16	39	20	4	18	97
Depreciation and amortization	45	51	22	10	2	130
Six month period ended June 30, 2010:						
Revenues	$ 143	$ 280	$ 126	$ 18	$ 26	$ 593
Operating cash flow	87	212	83	15	5	402
Interest expense - borrowings	31	76	37	8	38	190
Depreciation and amortization	84	91	52	13	5	245
As at June 30, 2010:						
Property, plant and equipment	$ 4,493	$ 5,739	$ 1,999	$ 344	$ 293	$ 12,868
Total assets [(1)]	5,566	6,048	2,427	480	2,197	16,718
Total borrowings	894	1,870	637	286	982	4,669
Total liabilities	3,172	2,566	840	359	3,669	10,606

[(1)] Included within total assets in the "Other" category are equity-accounted investments in Brookfield Infrastructure L.P., ETC Holdings Ltd., and Bear Swamp Power Co. LLP of $940. Refer to Note 6.

$US millions	Conventional Hydroelectric Canada	Conventional Hydroelectric United States	Conventional Hydroelectric Brazil	Wind	Other	Total
Three month period ended June 30, 2009:						
Revenues	**$ 70**	**$ 143**	**$ 54**	**$ 10**	**$ 12**	**$ 289**
Operating cash flow	**52**	**108**	**40**	**8**	**(1)**	**207**
Interest expense - borrowings	**13**	**53**	**13**	**4**	**1**	**84**
Depreciation and amortization	**12**	**48**	**14**	**7**	**5**	**86**
Six month period ended June 30, 2009:						
Revenues	**$ 139**	**$ 296**	**$ 97**	**$ 19**	**$ 27**	**$ 578**
Operating cash flow	**100**	**230**	**71**	**15**	**2**	**418**
Interest expense - borrowings	**26**	**89**	**25**	**7**	**27**	**174**
Depreciation and amortization	**36**	**92**	**31**	**10**	**9**	**178**
As at December 31, 2009 (restated – see Note 3)						
Property, plant and equipment	**$ 4,624**	**$ 5,824**	**$ 1,973**	**$ 360**	**$ 306**	**$ 13,087**
Total assets [(1)]	**5,527**	**6,195**	**2,542**	**412**	**2,401**	**17,077**
Total borrowings	**906**	**1,894**	**607**	**265**	**993**	**4,665**
Total liabilities	**3,428**	**2,708**	**817**	**373**	**3,734**	**11,060**

[(1)] Included within total assets in the "Other" category are equity-accounted investments in Brookfield Infrastructure L.P., ETC Holdings Ltd., and Bear Swamp Power Co. LLP of $1,016.

The following table presents a reconciliation of the operating cash flow, presented in the above tables, to net (loss) income as presented in the Company's consolidated statements of (loss) income for the periods ended June 30:

$US millions	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Operating cash flow per tables above	**$ 164**	$ 207	**$ 402**	$ 418
Share of (losses) profits in equity-accounted investments	**(23)**	8	**19**	16
Interest expense	**(121)**	(84)	**(241)**	(174)
Depreciation and amortization	**(130)**	(86)	**(245)**	(178)
Unrealized derivative (losses) gains	**(12)**	(15)	**106**	30
Gain (loss) on Fund unit liability	**42**	(30)	**(59)**	(17)
Income tax expense and other	**30**	-	**(15)**	(9)
Net (loss) income	**$ (50)**	$ -	**$ (33)**	$ 86

16. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Company and its subsidiaries issue letters of credit under the various credit facilities to be used for general corporate purposes, which include, but are not limited to, guarantees for debt service reserve accounts and collateral for energy trading purposes. The Company had $171 million in letters of credit outstanding at June 30, 2010, (December 31, 2009 – $145 million).

At June 30, 2010, the total nominal amount of Parental Guarantees ("PGs") issued to Brookfield Energy Marketing Inc., a subsidiary of the Company, was CDN$331 million (December 31, 2009 – CDN$339 million). The Company's credit covenants require that the mark-to-market of PGs issued must be lower than CDN$350 million. The mark-to-market exposure of the PGs issued was CDN$101 million at June 30, 2010, (December 31, 2009 – CDN$90 million). Historically, the Company has not been obligated to make significant payments under these guarantees. No amount was included in the Company's consolidated balance sheet as at June 30, 2010, at December 31, 2009, or the transition date relating to these guarantees.

In the normal course of operations, the Company has committed as at June 30, 2010 to spend approximately $50 million (December 31, 2009 - $161 million) on capital projects.

During the six-month period ended June 30, 2010, a subsidiary of the Fund issued preferred shares for which, the Fund fully and unconditionally guarantees the payment of dividends, the amounts due on redemption, and the amounts due on the liquidation, dissolution or winding-up of its subsidiary that issued the preferred shares.

There have been no other material changes to the Company's commitments, contingencies and guarantees since December 31, 2009.

17. SUBSEQUENT EVENTS

On July 6, 2010, the Company sold on a bought deal basis 9,200,000 of its Fund units at an offering price of CDN$19.60 per unit, for total gross proceeds of CDN$180 million. This reduced the Company's ownership of the Fund from 50.01% to approximately 42%, on a fully exchanged basis.

Brookfield

BROOKFIELD RENEWABLE POWER INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL RESULTS
JUNE 30, 2010

Attached is Management's Discussion and Analysis of the Financial Results of
Brookfield Renewable Power Inc.

Brookfield Renewable Power Inc. is a wholly-owned subsidiary of Brookfield Asset Management Inc.

AUGUST 5, 2010

INTRODUCTION

The information provided in this Management's Discussion and Analysis of Financial Results ("MD&A") is intended to provide readers with an overview of Brookfield Renewable Power Inc.'s ("Brookfield Renewable" or the "Company") performance for the three and six month periods ended June 30, 2010 and 2009, as well as to provide a framework for understanding its long-term growth trends and ability to deliver strong and stable cash flows.

The information in this MD&A should be read in conjunction with our unaudited interim consolidated financial statements as at and for the period ended June 30, 2010. Additional information can also be found on the Company's website at www.brookfieldpower.com and on SEDAR's website at www.sedar.com, filed under the name "Brookfield Renewable Power Inc.".

BASIS OF PRESENTATION

The 2010 and 2009 financial information contained herein is prepared in accordance with International Financial Reporting Standards ("IFRS"). On January 1, 2010, the Company adopted IFRS, one year earlier than the conversion deadline mandated by the Canadian Institute of Chartered Accountants. The significant impact of the conversion to IFRS on our financial statements is discussed on page 14 of this MD&A.

Key performance indicators used by the Company are operating cash flow and net operating cash flow, which are not generally accepted accounting principle measures and differ from net income and may differ from definitions of operating cash flow and net operating cash flow used by other companies. We define operating cash flow as income prior to such items as depreciation and amortization, deferred tax expense and certain non-cash items that in our view are not reflective of the underlying operations. Net operating cash flow is defined as operating cash flow plus our share of the operating cash flow of our equity-accounted investments, less interest expense and current income taxes expense. We present these key performance indicators to communicate the cash stream generated by our Company. A reconciliation of net operating cash flow to net income as presented in our financial statements is presented in the "Summary" section of this report.

Unless otherwise indicated, the terms the "Company", "Brookfield Renewable", "we", "our" and "us" refer to Brookfield Renewable Power Inc. and all of its subsidiaries, and investments in associates and joint ventures. All figures are reported in United States ("U.S.") dollars, unless otherwise noted.

OVERVIEW OF THE BUSINESS

Brookfield Renewable owns and manages one of the largest privately owned hydroelectric power generating portfolios in the world, located on river systems in the U.S., Canada and Brazil. We have chosen to focus on hydroelectric generation because of the long life, exceptional reliability and low operating costs of these facilities. Hydroelectricity also offers operating flexibility to quickly respond to changes in consumer demand. The Company also owns and operates one of the largest wind farms in Canada, with a second wind farm expected to be commercially operating in the fall of 2010. We believe that power from renewable sources, such as water and wind resources, as well as the assets themselves, will increase in value over time.

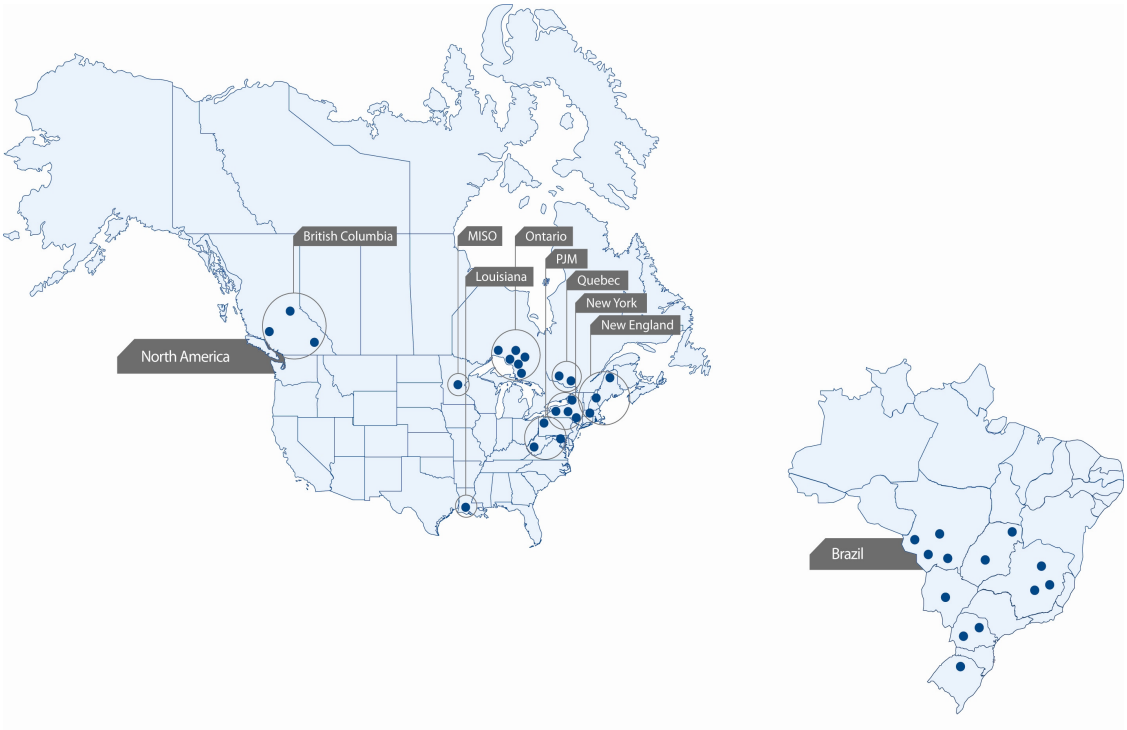
Our strategy is to enter into long-term power purchase agreements or shorter-term financial contracts for our generation output to stabilize future cash flows. As of June 30, 2010, over 60% of our portfolio was secured through long-term contracts and over 75% of our generation is supported by fixed price contracts over the next 24 months. These contracts significantly limit our exposure to electricity price volatility and generate annual revenues in excess of $1 billion.

Seasonality does exist in renewable power generation. During the fall rainy season and the spring thaw, water inflows tend to be greater, leading to higher generation during those periods; however, demand, and accordingly, prices tend to be higher in the summer and winter seasons due to the demand for cooling and heating. We use the quality of our hydro facilities, and their significant water storage capacities, to maximize generation during higher price periods, capitalize on pricing differentials between power markets and maximize revenues from the sale of non-energy products.

The Company is a wholly-owned subsidiary of Brookfield Asset Management Inc. ("Brookfield"), a global asset management company focused on property, renewable power and infrastructure assets. Brookfield manages assets worth over $100 billion and is listed on the Toronto and New York Stock Exchanges under the symbol BAM, as well as on the Euronext Amsterdam exchange under the symbol BAMA.

In 2009, the Company invested in Brookfield's infrastructure assets, including an approximate 40% interest in Brookfield Infrastructure L.P. ("BILP"), and a 10% interest in Transelec Chile SA. The units in BILP can be redeemed for either an approximate 40% interest in the publicly-traded Brookfield Infrastructure Partners L.P. ("BIP") or the cash equivalent, at the option of BIP. The investments are accounted for using the equity method.

Some of the Company's assets are owned through the Brookfield Renewable Power Fund (the "Fund"), a publicly traded reporting issuer listed on the Toronto Stock Exchange (symbol: BRC.UN) that we manage and in which we own an approximate 42% interest, on a fully-exchanged basis. A wholly-owned subsidiary of the Fund also has publicly traded preference shares listed on the Toronto Stock Exchange (symbol BRF.PR.A).



OPERATING PLATFORM

As at June 30, 2010, we owned and managed 165 hydroelectric generating stations. We also own and operate a 189 megawatt ("MW") wind energy project, as well as two natural gas-fired plants. Overall, the assets we own or manage have 4,225 MW of generating capacity and annual generation of 15,719 gigawatt hours ("GWh") based on long-term averages. Since 2002, Brookfield Renewable has acquired approximately 2,600 MW of hydroelectric generation capacity. We continue to focus on securing viable commercial arrangements for several development projects.

Operating Assets
(as at June 30, 2010)

Markets	Rivers	Generating stations	Generating units	Capacity MW	LTA[1] GWh	Storage and MRE[2] GWh
Hydroelectric						
Conventional						
Canada	18	32	72	1,324	5,077	1,261
United States	24	98	263	1,301	6,073	1,047
Brazil	22	34	76	596	3,277	3,282
	64	**164**	**411**	**3,221**	**14,427**	**5,590**
Pumped Storage	1	1	2	600	384	1,095
Total Hydroelectric	**65**	**165**	**413**	**3,821**	**14,811**	**6,685**
Wind	-	1	126	189	506	-
Thermal	-	2	6	215	402	-
Power generating assets	**65**	**168**	**545**	**4,225**	**15,719**	**6,685**

(1) Expected generation is based on long-term average ("LTA") except for hydroelectric pumped storage ("pumped storage") which is based on the estimated level of generation that can be supported by expected market prices.

(2) Energy Reallocation Mechanism ("MRE") in Brazil mitigates hydrology risk by guaranteeing that all participants receive their assured energy.

The Company's financial statements, as at and for the period ended June 30, 2010, are prepared in accordance with IFRS. The IFRS accounting policies and the transition to IFRS from Canadian generally accepted accounting principles are in notes 2 and 4, respectively. The 2009 comparative numbers are prepared in accordance with IFRS unless otherwise indicated.

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FINANCIAL HIGHLIGHTS

Brookfield Renewable's financial highlights are as follows:

	Three months ended June 30		Six months ended June 30	
($US millions, except generation)	2010	2009	2010	2009
Generation (GWh)	3,372	4,243	7,613	8,278
Results from operations				
Total revenue	$ 263	$ 289	$ 593	$ 578
Operating cash flow	164	207	402	418

Balance sheet	June 30, 2010	December 31, 2009 (restated)
Property, plant and equipment	$ 12,868	$ 13,087
Total assets	16,718	17,077
Corporate and subsidiary borrowings	4,669	4,665
Underlying value	8,234	8,565

SUMMARY

After two years of strong generation, driven by above average inflows, generation in the second quarter of 2010 was significantly below the same quarter of the prior year and below long-term averages. Offsetting the decline in revenues from lower generation was the favourable exchange on Canadian dollar and Brazilian reais revenues, and the benefit of having secured a long-term contract at attractive prices for our Ontario generation late in 2009. As a result, revenue totalled $263 million, $26 million less than last year.

During the second quarter, we were successful in negotiating three long-term power purchase agreements ("PPAs") for the development of renewable power projects in Canada and the United States. These PPAs will add 45 MW of new hydro generation, 165 MW of wind generation to our Canadian portfolio, and 102 MW of wind generation to our U.S. portfolio, when fully permitted and project construction completed. We also launched the feasibility stage of the 250 MW Pehonan Hydroelectric Project on the Saskatchewan River and approved the start of construction of two small hydro power plants in Brazil having an installed capacity of 48 MW.

On July 6, 2010, we sold 9,200,000 units of the Fund on a bought-deal basis for gross proceeds of CDN$180 million. The sale proceeds provide the Company with greater liquidity. This reduced our ownership of the Fund from 50.01% to 41.54%, on a fully-exchanged basis. We will continue to administer and manage the Fund and it will remain Brookfield's exclusive vehicle for Canadian contracted operating and construction-ready hydro and wind power generation. The Fund remains committed to converting to a corporation in 2010 and maintaining its current level of distributions as dividends.

As of June 30, 2010, the underlying value in our business was $8 billion, on a pre-tax basis, unchanged from the year end. Under IFRS, we elected to revalue our property, plant and equipment on December 31st of each year. The objective of this presentation is to provide readers of our financial statements with an indication of the value of our business.

($US millions)	Invested Capital [1] as at June 30, 2010	Invested Capital [1] as at December 31, 2009 (restated)	Net operating cash flow Three months ended June 30, 2010	Net operating cash flow Three months ended June 30, 2009	Net operating cash flow Six months ended June 30, 2010	Net operating cash flow Six months ended June 30, 2009
Conventional hydroelectric generation						
Canada	**$ 4,502**	$ 4,624	**$ 15**	$ 52	**$ 87**	$ 100
United States	**5,739**	5,845	**100**	108	**212**	230
Brazil	**2,068**	2,045	**40**	40	**83**	71
Total conventional hydroelectric generation	**12,309**	12,514	**155**	200	**382**	401
Wind generation	**344**	360	**8**	8	**15**	15
Other power assets	**56**	60	**1**	(1)	**5**	2
Development projects	**241**	231	**-**	-	**-**	-
Invested capital/Operating cash flow	**12,950**	13,165	**164**	207	**402**	418
Equity-accounted investments - power generation	**249**	279	**5**	6	**10**	12
Total power operations	**13,199**	13,444	**169**	213	**412**	430
Equity-accounted investments - other	**860**	912	**27**	-	**49**	-
Other assets/liabilities	**396**	375	**-**	-	**-**	-
Current taxes	**-**	-	**(3)**	(6)	**(9)**	(12)
Due from (to) related party	**-**	-	**(27)**	(2)	**(56)**	(17)
Subsidiary borrowings	**(3,687)**	(3,672)	**(77)**	(68)	**(150)**	(132)
Corporate borrowings and credit facilities	**(1,131)**	(1,333)	**(17)**	(14)	**(35)**	(25)
Non-controlling interest and Fund liability	**(1,403)**	(1,161)	**-**	-	**-**	-
Underlying value[2]/net operating cash flow	**$ 8,234**	$ 8,565	**$ 72**	$ 123	**$ 211**	$ 244

[1] Invested capital for the various operating segments includes property, plant, and equipment, and intangible assets.
[2] Underlying value includes shareholder's equity, amounts due to or from our shareholder (including the convertible debentures) and deferred taxes.

Certain comparative information as at December 31, 2009 has been restated to reflect adjustments impacting equity-accounted investments. Brookfield Renewable, as a first-time adopter of IFRS, recognizes that certain information may be subject to change during its transition phase to its first annual consolidated financial statements that will comply with IFRS for the year ended December 31, 2010. Please refer to note 3 of the Company's interim consolidated financial statements as at, and for the period ended June 30, 2010.

The net operating cash flow available to our shareholder totaled $72 million during the second quarter, a decrease of $51 million compared to $123 million in the same quarter of the prior year. Net operating cash flows available to our shareholder includes $27 million of operating cash flow generated by our equity-accounted investments in infrastructure assets (2009 - $nil).

The following table presents the major changes impacting underlying value during the second quarter of 2010:

	For the three months ended June 30, 2010	**For the six months ended June 30, 2010**
Underlying value – beginning of period	$ 8,569	$ 8,565
Net operating cash flow	72	211
Depreciation and amortization	(130)	(245)
Revaluation change	-	39
Fair value gain[1]	30	47
Dividends to Brookfield	(50)	(64)
Foreign exchange	(116)	(65)
Working capital and other	(141)	(254)
Underlying value – end of period	$ 8,234	$ 8,234

[1] Includes increase in derivatives, net of the appreciation of value of Fund units.

The key valuation metrics of our hydro and wind generating facilities at December 31, 2009 and January 1, 2009, the dates of our last valuations, are set out in the following tables:

	United States		Canada		Brazil	
	December 31, 2009	January 1, 2009	**December 31, 2009**	January 1, 2009	**December 31, 2009**	January 1, 2009
Discount rate	8.2%	8.0%	7.2%	7.7%	11.0%	10.4%
Terminal capitalization rate	8.4%	8.2%	7.9%	8.1%	11.0%	10.4%
Exit date	2029	2028	2029	2028	2030	2030

The valuations are impacted primarily by the discount rate and anticipated long-term power prices. A 100-basis point increase in the discount and terminal capitalization rates would reduce our net invested capital by $2,100 million and a 100-basis point decrease would increase it by $3,000 million. A 5% increase in anticipated long-term power prices would increase the value of our net invested capital by $575 million and 5% decrease in prices would reduce the net invested capital similarly.

We do not use net income as a key metric to assess the performance of our business and intrinsic value of our operations, preferring to focus on operating cash flows. However, we recognize the importance of net income as a key measure for many users of financial information and we provide below a reconciliation of net operating cash flow to net income.

Net loss for the three and six month periods ended June 30, 2010, was $50 million and $33 million, respectively, decreases of $50 million and $119 million from the same periods in the previous year.

	Three months ended June 30,		Six months ended June 30,	
($US millions)	**2010**	2009	**2010**	2009
Net operating cash flow	$ 72	$ 123	$ 211	$ 244
Non-cash items				
Equity-accounted investments and power assets	(55)	2	(40)	4
Depreciation and amortization	(130)	(86)	(245)	(178)
Gain (loss) on Fund unit liability	42	(30)	(59)	(17)
Unrealized (loss) gain on derivatives	(12)	(15)	106	30
Deferred income tax	54	2	17	(7)
Other	(21)	4	(23)	10
Net (loss) income	$ (50)	$ -	$ (33)	$ 86

Depreciation and amortization expense of $130 million during the second quarter of 2010 was $44 million higher than the amount recorded during the same period in 2009 due to the strengthening of the Canadian and the Brazilian currencies, commissioning of additional facilities in Brazil and the increase in property, plant and equipment year-over-year.

IFRS requires that the Company account for the Fund units redeemable by non-controlling interest holders as a liability instead of a non-controlling interest. The liability is revalued at each balance sheet date based on the fair value of the Fund units. This treatment resulted in a gain of $42 million during the quarter (loss of $30 million last year) due to a reduction in the Fund unit trading price.

The losses on energy derivatives of $12 million are due largely to the differences between the prices at which we have committed to sell future generation and the current market prices for those contracts which are not designated as hedges of our future cash flows. At times when electricity prices are rising, which is positive for our business, we will generally record mark-to-market losses in our net income on certain financial contracts. These losses do not mean that we are selling electricity at a negative profit margin, but rather they are a measure of the opportunity that we have lost because we agreed to sell the electricity that we will generate in the future at a lower price than the current market price. Conversely, if market prices fall significantly, we may record gains to reflect the fact that we agreed to sell power in the future at prices that are greater than the current market price.

Included in "Other," is the loss due to the change in the fair value of the convertible debentures' early repayment option without penalty of $39 million during the quarter (June 30, 2009- $nil).

Deferred income tax recovery of $54 million and $17 million for the three and six month periods ended June 30, 2010, respectively, is due to the lower income as compared to the prior year (three and six month periods ended June 30, 2009 - $2 million recovery and $7 million expense, respectively).

REVIEW OF OPERATIONS

Operating cash flow generated by our power operations during the quarter totalled $164 million, a decrease of $43 million over last year. The decrease is mainly due to below average generation in our hydroelectric portfolio in Ontario, Quebec and New York during the quarter, which resulted in generation that was 930 GWh below the same period in 2009. Generation in Louisiana, New England and British Columbia was in line with last year. Wholesale electricity prices were lower than last year, but do not impact us significantly as a result of our high level of contracted generation.

	Three months ended June 30,			Variance to	
	Actual production		**Long-term**	Long-term	Actual
(GWh)	**2010**	2009	**average**	average	2009
Existing capacity	**2,732**	3,736	**3,697**	(965)	(1,004)
New capacity – during 2010	**74**	-	**102**	(28)	74
Total conventional hydroelectric	**2,806**	3,736	**3,799**	(993)	(930)
Wind energy	**102**	120	**129**	(27)	(18)
Co-generation	**76**	104	**222**	(146)	(28)
Total power generation	**2,984**	3,960	**4,150**	(1,166)	(976)
Other power assets under management	**388**	283	**328**	60	105
Total operations	**3,372**	4,243	**4,478**	(1,106)	(871)

	Six months ended June 30,			Variance to	
	Actual production		**Long-term**	Long-term	Actual
(GWh)	**2010**	2009	**average**	average	2009
Existing capacity	**6,326**	7,302	**7,067**	(741)	(976)
New capacity – during 2010	**132**	-	**159**	(27)	132
Total conventional hydroelectric	**6,458**	7,302	**7,226**	(768)	(844)
Wind energy	**205**	234	**270**	(65)	(29)
Co-generation	**222**	216	**438**	(216)	6
Total power generation	**6,885**	7,752	**7,934**	(1,049)	(867)
Other power assets under management	**728**	526	**617**	111	202
Total operations	**7,613**	8,278	**8,551**	(938)	(665)

Conventional hydroelectric generation from existing capacity totaled 6,326 GWh during the first six months of 2010, which was 10% below the long-term average. Assets commissioned in Brazil during late 2009 and early 2010 contributed 132 GWh. The conventional hydro facilities located in Ontario, Quebec, and New York experienced below average rainfall during the quarter, which was the primary factor in the generation variance to the long-term average.

Almost all of our facilities in Brazil participate in a national program that levelizes hydrology among regions resulting in particularly stable generation results. This minimizes the impact on water variations on approximately 20% of our generation.

CONVENTIONAL HYDROELECTRIC GENERATION

	Three months ended June 30,				Six months ended June 30,			
	2010		2009		**2010**		2009	
($US millions)	**Revenue**	**Operating cash flow**	Revenue	Operating cash flow	**Revenue**	**Operating cash flow**	Revenue	Operating cash flow
Canada	**$ 47**	**$ 15**	$ 70	$ 52	**$ 143**	**$ 87**	$ 139	$ 100
United States	**134**	**100**	143	108	**280**	**212**	296	230
Brazil	**63**	**40**	54	40	**126**	**83**	97	71
Total	**$ 244**	**$ 155**	$ 267	$ 200	**$ 549**	**$ 382**	$ 532	$ 401
Per MWh	**$ 87**	**$ 55**	$ 71	$ 54	**$ 85**	**$ 59**	$ 73	$ 55

Operating cash flow from our conventional hydroelectric generating assets decreased by $45 million, or 23%, and $19 million for the three and six month periods ended June 30, 2010, respectively, compared to operating cash flow generated during the same periods of 2009. Generation from conventional hydroelectric facilities of 2,806 GWh was 930 GWh lower than generation during the second quarter of 2009 due to below average generation, while generation for the six months ended June 30, 2010 was 844 GWh lower than the prior year.

Realized prices year-to-date from our conventional hydroelectric portfolio increased by 16% to $85 per MWh compared to levels experienced during the same six month period in 2009. The increase was due largely to the favorable foreign exchange rates, price escalations in our power sales agreements, and the Ontario Power Authority ("OPA") contract signed in 2009 for our previously uncontracted Ontario generation.

WIND ENERGY

	Three months ended June 30,				Six months ended June 30,			
	2010		2009		**2010**		2009	
($US millions)	**Revenue**	**Operating cash flow**	Revenue	Operating cash flow	**Revenue**	**Operating cash flow**	Revenue	Operating cash flow
Wind power	**$ 9**	**$ 8**	$ 10	$ 8	**$ 18**	**$ 15**	$ 19	$ 15

Operating cash flow from our wind facility is unchanged year over year. Lower generation in the second quarter of 2010 compared to the same period of 2009 was offset by the strengthening Canadian currency.

COMBINED CYCLE NATURAL GAS-FIRED GENERATION

	Three months ended June 30,				Six months ended June 30,			
	2010		2009		**2010**		2009	
($US millions)	**Revenue**	**Operating cash flow**	Revenue	Operating cash flow	**Revenue**	**Operating cash flow**	Revenue	Operating cash flow
Thermal power [1]	**$ 10**	**$ 3**	$ 9	$ (1)	**$ 26**	**$ 7**	$ 20	$ 1

1) Includes gas resale power equivalent.

Our combined cycle natural gas-fired generation facilities include a 110 MW facility located in Ontario and a 105 MW facility located in New York State. Operating cash flow increased by $4 million and $6 million for the three and six month periods ended June 30, 2010, respectively, compared to operating cash flow generated during the same periods of 2009. The Ontario facility operated more frequently due to favorable spreads between natural gas spot prices relative to off-peak prices in the long-term power sales contract. Also, the optimization of long-term gas supplies resulted in gains during the period.

OTHER POWER ASSETS UNDER MANAGEMENT

($US millions)	Three months ended June 30, 2010 Operating cash flow	Three months ended June 30, 2009 Operating cash flow	Six months ended June 30, 2010 Operating cash flow	Six months ended June 30, 2009 Operating cash flow
Other power assets under management	**$ 5**	$ 6	**$ 10**	$ 12

OUTLOOK AND CONTRACT PROFILE

We are entering the third quarter of 2010 with reservoirs in North America below the levels generally expected at this time of the year due to below average precipitation during the early part of the second quarter. As a result of reduced generation during the second quarter we were able to maintain water levels generally in line with normal levels, except in Ontario, which was much more affected by low inflows. Precipitation levels returned to normal levels during June and for the balance of the year our generation will be dependent upon the amount of rain we receive.

The Company has sold forward approximately 84% of its generation anticipated for the balance of 2010, at an average price of $90/MWh. This price is in excess of the current average wholesale market price of $41/MWh. The average price of $90/MWh is greater than the average of price of $72/MWh received in 2009 due to escalating prices in long-term power sales agreements, the pricing received on the Ontario power sales agreement signed in late 2009, and improved foreign exchange rates. These are factors that we expect to be maintained throughout the balance of 2010, offsetting the impact that lower generation had on our results.

The following table sets forth our contract profile over the next five years, assuming long-term average generation:

Years ended December 31	2010 [1]	2011	2012	2013	2014
Generation (GWh)					
Contracted:					
Hydroelectric generation	3,682	9,456	8,575	8,362	7,734
Wind generation	251	657	1,012	1,012	1,012
Other	202	396	398	398	134
Power sales agreements	4,135	10,509	9,985	9,772	8,880
Financial contracts	1,564	1,895	-	-	-
Uncontracted	1,065	3,470	6,126	6,376	6,376
	6,764	15,874	16,111	16,148	15,256
Contracted generation % of total	84%	78%	62%	61%	58%
Contracted revenue ($US millions)	514	968	878	867	773
Price ($/MWh)	90	78	88	89	87

[1] Amounts for 2010 represent the period from July 1st to December 31st.

We continue to see the recognition of the long-term scarcity value of renewable assets and a sign is that wholesale spot prices are starting to recover from cyclical low levels. During the quarter, we signed power purchase agreements in both U.S. and Canada supporting both wind and hydro project development at prices generally in excess of $100 per MWh, with escalation provisions that maintain or increase our margin over time. While no formal carbon legislation has yet been implemented in the U.S. or Canada, renewable power assets continue to gain recognition as the preferred choice for new supply to meet growing demands and as a replacement for an aging thermal fleet.

Since the beginning of the year, we have seen evidence of a return to more balanced supply and demand in the wholesale electricity market. The warm weather at the beginning of this summer drove electricity demand to a three-year high in our major markets. As the economy continues to stabilize and recover, we expect the supply and demand balance to continue to bring wholesale electricity prices out of their cyclical low levels.

CONSOLIDATED BALANCE SHEET

The following table provides a breakdown of our consolidated balance sheet by region, as at June 30, 2010:

($US millions)	Canada	United States	Brazil	Corporate and other	Consolidated financial statements
Assets:					
Property, plant and equipment	$ 5,005	$ 5,790	$ 2,023	$ 50	$ 12,868
Equity-accounted and long-term investments	63	121	66	860	1,110
Cash and cash equivalents	27	96	66	4	193
Accounts receivable and other	109	51	42	22	224
Due from related parties	19	153	8	991	1,171
Securities in related parties	-	-	-	161	161
Derivative assets	-	88	-	454	542
Intangible and other long-term assets	27	89	220	22	358
	5,250	6,388	2,425	2,564	16,627
Deferred tax assets	18	60	-	13	91
Total assets	$ 5,268	$ 6,448	$ 2,425	$ 2,577	$ 16,718
Liabilities:					
Credit facilities and corporate borrowings	$ -	$ -	$ -	$ 1,131	$ 1,131
Subsidiary borrowings	1,180	1,870	637	-	3,687
Convertible debentures with Brookfield	-	-	-	940	940
Accounts payable and other	121	60	39	44	264
Due to related parties	-	108	-	39	147
Derivative liabilities	21	5	-	107	133
Other long-term liabilities	921	95	109	233	1,358
Deferred tax liabilities	1,292	1,589	53	12	2,946
Shareholders' equity					
Non-controlling interests	237	145	59	47	488
Preferred equity	-	-	-	1,633	1,633
Common equity	1,496	2,576	1,528	(1,609)	3,991
Total liabilities and shareholders' equity	$ 5,268	$ 6,448	$ 2,425	$ 2,577	$ 16,718
Common equity	1,496	2,576	1,528	(1,609)	3,991
Preferred equity	-	-	-	1,633	1,633
Amounts due to related parties	(19)	(45)	(8)	(173)	(245)
Deferred income taxes	1,274	1,529	53	(1)	2,855
Underlying value	$ 2,751	$ 4,060	$ 1,573	$ (150)	$ 8,234

We continue to have a strong balance sheet with cash and cash equivalents in the amount of $193 million, an increase of $25 million from December 31, 2009. In addition, we have access to $30 million in undrawn credit facilities, $161 million in liquidity from our short-term investment portfolio, and $1,171 million in short and long-term funds on deposit with Brookfield. Based on our industry experience and ability to generate operating cash flow, we believe that our current resources are adequate to meet our requirements for working capital and capital expenditures through the foreseeable future.

CASH AND CASH EQUIVALENTS

	Three months ended June 30,		Six months ended June 30,	
($US millions)	**2010**	2009	**2010**	2009
Cash flow from operating activities	**$ 44**	$ 139	**$ 176**	$ 343
Cash flow used in financing activities	**(79)**	(173)	**(41)**	(15)
Cash flow provided by (used in) investing activities	**52**	42	**(107)**	(304)
Impact of foreign exchange on cash	**(2)**	2	**(3)**	6
Net cash inflow	**$ 15**	$ 10	**$ 25**	$ 30

Operating Activities

During the second quarter of 2010, we generated $44 million from operating activities, a decrease of $95 million compared to the second quarter of last year, mostly as a result of lower net operating cash flow and interest on convertible debentures.

Financing Activities

Distributions to our common shareholder and to non-controlling interests and Fund unitholders amounted to $93 million during the quarter, an increase of $57 million.

Investing Activities

During the second quarter of 2010, we reduced our deposits with Brookfield by $32 million ($31 million last year) and reinvested $27 million in sustaining capital expenditures and a further $48 million, in development activities, primarily on constructing the Gosfield Wind project. An amount of $95 million was released from escrow accounts in a subsidiary during the quarter ($42 million last year).

POWER GENERATING ASSETS

The book value of our power generating assets was $12,868 million as at June 30, 2010. Investment in capital assets was $102 million during the first six months of 2010, while the fair value of our Brazilian assets increased by $39 million due to the commissioning of a new facility. Offsetting these increases was depreciation of $231 million, and the net unfavourable impact of foreign exchange on our Canadian and Brazilian assets of approximately $129 million compared to December 31, 2009. Our power generating assets will be revalued every December 31 so that their carrying value will not differ materially from their fair value.

DERIVATIVE ASSETS AND LIABILITIES

Derivative assets and liabilities consist of financial contracts and certain long-term physical power purchase agreements that qualify as non-financial derivative instruments. The fair value of the derivative assets and liabilities fluctuates from time to time depending on market conditions. Changes in the fair value of derivative instruments that are designated as hedges of future cash flows are recorded in other comprehensive income. When the derivative instrument is not designated as a hedge of future cash flows, changes in its fair value are recorded in net (loss) income.

The Company's derivative balances consist of the following:

($US millions)	Current derivative assets	Non-current derivative assets	Current derivative liabilities	Non-current derivative liabilities	Total
Energy derivatives	**$ 173**	**$ 369**	**$ (27)**	**$ (76)**	**$ 439**
Interest rate swaps	**-**	**-**	**(12)**	**(16)**	**(28)**
Foreign exchange contracts	**-**	**-**	**(2)**	**-**	**(2)**
Convertible debentures	-	-	-	-	-
June 30, 2010	**$ 173**	**$ 369**	**$ (41)**	**$ (92)**	**$ 409**
Energy derivatives	$ 248	$ 264	$ (10)	$ (110)	$ 392
Interest rate swaps	-	-	(13)	(11)	(24)
Foreign exchange contracts	**-**	**-**	(2)	**-**	(2)
Convertible debentures	-	172	-	-	172
December 31, 2009	$ 248	$ 436	$ (25)	$ (121)	$ 538

The net position of our derivative assets and liabilities at June 30, 2010 decreased by $129 million compared to December 31, 2009. The decrease is mainly due to a reduction in the interest rate of our convertible debentures

that reduced the mark-to-market to nil, and an increase of $47 million in the value of our energy derivatives, resulting from lower energy prices compared to December 31, 2009.

As at June 30, 2010, $32 million is held by us as a net collateral asset in respect of our total mark-to-market position, compared to $2 million net collateral liability at December 31, 2009.

CAPITALIZATION

We endeavour to utilize the types of capital available to the Company in order to minimize the cost of capital and to maximize the capital available for growth opportunities. The long-life nature of our assets has allowed us to finance with non-recourse debt and minimal near-term maturities, minimizing risks associated with liquidity and refinancing. The debt to capitalization ratio was 45% at June 30, 2010, which was substantially unchanged from December 31, 2009. We manage our capital to maintain a conservative debt to capitalization ratio.

The following table presents the Company's capitalization using book values:

($US millions)	**June 30, 2010**	December 31, 2009	Increase (Decrease)
		(restated)	
Subsidiary borrowings	**$ 3,687**	$ 3,672	$ 15
Corporate borrowings and credit facilities	**1,131**	1,332	(201)
Convertible debentures and promissory notes due to Brookfield	**947**	1,093	(146)
Non-controlling interests and Fund unit liabilities	**1,403**	1,161	242
Shareholders' equity			
Preferred equity	**1,633**	1,633	-
Common equity	**3,991**	4,122	(131)
Total	**$ 12,792**	$ 13,013	$ (221)

Total capitalization decreased by $221 million since December 31, 2009, due mainly to the repayment of a credit facility held at December 31, 2009 and the decrease in the convertible debenture balance. Subsidiary borrowings increased due to additional borrowings by our Brazil operations and the Gosfield wind project. The issuance by the Fund of CDN$250 million preferred shares increased equity attributable to non-controlling interests.

As part of our financing strategy, we raise the majority of our debt capital in the form of asset-specific borrowings in our subsidiaries. These borrowings are generally secured by the assets of the related property and, as such, limit the exposure of the Company in the unlikely case of default. We provide covenants to certain of our lenders, as do most borrowers. As at June 30, 2010, we are not aware of any debt covenant violations.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian generally accepted accounting principles ("Canadian GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. We applied to the Canadian Securities Administrators ("CSA") and were granted exemptive relief to prepare our financial statements in accordance with IFRS with a transition date of January 1, 2009. Accordingly, we have adopted IFRS effective January 1, 2010, and have prepared our current interim financial statements using IFRS accounting policies. Prior to the adoption of IFRS, our financial statements were prepared in accordance with Canadian GAAP. The Company's financial statements for the year ending December 31, 2010, will be the first annual financial statements that comply with IFRS.

IFRS are premised on a conceptual framework similar to Canadian GAAP; however, significant differences exist in certain matters of recognition, measurement and disclosure. Our adoption had a substantial impact on our consolidated balance sheets and statements of income. In particular, our opening balance sheet reflects the revaluation of substantially all of our property, plant and equipment assets to their fair values as at January 1, 2009. Additionally, these changes to the opening balance sheet required that a corresponding tax asset or liability be established based on the differences between the carried value of these fixed assets under IFRS and their associated tax base. In aggregate, these increases and the application of various policies under IFRS that differ from Canadian GAAP increased our common equity to $4,895 million and $4,122 million as at January 1, 2009 and December 31, 2009, respectively. Note 4 of our interim consolidated financial statements provides detailed reconciliations between Canadian GAAP and IFRS of shareholders' equity as at January 1, June 30 and December 31, 2009 and of net income and comprehensive income for the three and six months ended June 30, 2009 and for the year ended December 31, 2009 respectively. These reconciliations provide explanations of each material difference.

The following discussion highlights the significant new standards that we have adopted under IFRS and the effect on our comparative period results of operations and financial position as previously reported under Canadian GAAP as well as the possible effects going forward. Additionally, we have highlighted various standards under IFRS where choice is available among acceptable alternatives and have identified the choices we have made and our rationale for doing so in the context of our business.

REVALUATION OF ASSETS

IAS 16, *Property, Plant and Equipment* ("IAS 16") allows an entity to apply either the revaluation or cost method to individual classes of fixed assets. Under the revaluation method property, plant and equipment are measured at fair value. Changes in fair value are recorded directly to equity, except where an asset decreases below its historic depreciated cost, in which case the difference between its historic depreciated cost and fair value is recorded as an impairment loss in income. These assets continue to be depreciated; however, to the extent an asset's fair value is maintained or increases, the accumulated depreciation related to such asset is reversed, increasing the net carried value of the asset and equity. We have applied the revaluation method to our power generation facilities. All other property, plant and equipment will be accounted for using the cost method, which is similar to Canadian GAAP. We have chosen to use the revaluation method for assets that are long-term in nature and tend to appreciate, as opposed to depreciate, over time. We believe that the revaluation method provides a more accurate account of our asset base, especially for assets that we have owned for a long period of time. Accordingly, to the extent the fair value of these assets increases or decreases in the future, the impact thereof will be reflected in the carrying value of such assets and within our equity base. The use of the revaluation method increased shareholders' equity by $8,330 million and $8,067 million as at January 1, 2009 and December 31, 2009, respectively, on a pre-tax basis.

FINANCIAL INSTRUMENTS

The transition to IFRS has resulted in certain presentation and measurement differences for various financial instruments, the most significant of which relate to securities with redemption features held by non-controlling interests and available-for-sale equity securities. The Fund is an open-ended mutual fund trust and accordingly, its

units provide for a redemption feature allowing holders to redeem their units from the Fund for an amount based on 90% of the market price of the units. Under IFRS, these units held by non-controlling interests are presented as liabilities and are measured at their redemption amount with changes in the redemption amount recorded in income in the period of the change. At January 1, 2009, December 31, 2009, and June 30, 2010, the liabilities related to these units were $284 million, $899 million, and $915 million, respectively. We do not expect redemptions to be material based on past experience and because it is generally uneconomical for holders to dispose of units in such a manner. Furthermore, to the extent the traded price of units increases or decreases, we will recognize a loss or gain, respectively, in income.

DECONSOLIDATION OF CERTAIN ENTITIES AND JOINT VENTURES

Our transition to IFRS impacted the basis upon which we accounted for certain entities that for Canadian GAAP were consolidated. Under Canadian GAAP, we determined whether we should consolidate an entity using two different frameworks: the variable interest entity ("VIE") and voting control models. Under IFRS, we consolidate an entity only if it is determined to be controlled by us. Control is defined as the power to govern the financial and operating policies of an entity to obtain benefit. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, but also exists when the parent owns half or less of the voting power but has legal or contractual rights to control, or de facto control. This change had the primary result of deconsolidating certain entities that were consolidated under Canadian GAAP. Furthermore, IAS 31 *Interests in Joint Ventures* ("IAS 31") allows an entity to choose whether it will proportionately consolidate or equity account joint ventures in entities over which we have joint control. Under Canadian GAAP, we proportionately consolidated our joint venture; however, for IFRS we will equity account our interest.

The above change in the basis upon which we account for these interests under IFRS did not have a material impact on our common equity or on net income. However, this change did have the impact of removing a significant amount of assets and corresponding liabilities from our balance sheet, certain of which related solely to our co-investors and are now equity accounted.

DILUTION GAINS

From time to time, we will sell partial interests in consolidated businesses. Often where we do sell a partial interest in an entity, we will continue to consolidate that entity as we continue to retain control over the entity. Under Canadian GAAP, we would recognize a gain, or loss, where we have sold a partial interest in a business in instances where there was a substantive change in the ownership; generally considered to be a change of 20% of more. Under IFRS, to the extent we continue to retain control of the business, no gain or loss would be recognized. In 2009, we sold our Canadian renewable power generation facilities to Brookfield Renewable Power Fund, of which we owned 50.01% at the time, on a fully exchanged basis, and under Canadian GAAP recognized a gain of $223 million, as there was a substantive change in the ownership of such facilities. Under IFRS we did not recognize a gain for the sale of these facilities as the Company records 100% of the Fund's accounts with a liability representing the Company's obligation for the Fund units it doesn't own.

SUPPLEMENTAL INFORMATION

Information contained in this section is required by applicable continuous disclosure guidelines and to facilitate additional analysis.

CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations as of June 30, 2010:

($US millions)	2010 [3]	2011	2012	2013	2014	Thereafter	Total
Subsidiary borrowings	$ 49	$ 126	$ 581	$ 330	$ 277	$ 2,378	$ 3,741
Corporate borrowings	-	-	376	-	-	611	987
Convertible debentures	-	-	-	-	-	940	940
Capital projects [1]	50	-	-	-	-	-	50
	99	126	957	330	277	3,929	5,718
Interest Expense [2]							
Subsidiary borrowings	107	215	207	173	131	967	1,800
Corporate borrowings	34	68	52	35	35	256	480
Convertible debentures	47	94	94	94	94	439	862
	188	377	353	302	260	1,662	3,142
Total	$ 287	$ 503	$ 1,310	$ 632	$ 537	$ 5,591	$ 8,860

[1] In the normal course of operations, the Company has committed at June 30, 2010 to spend approximately $50 million on capital projects.

[2] Represents aggregate interest expense expected to be paid over the term of the obligations. Variable rate interest payments have been calculated based on current rates.

[3] Up to December 31, 2010.

GUARANTEES

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as energy trading and marketing, business dispositions, business acquisitions, construction projects, capital project purchases, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay third parties, as many of the agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under such indemnification agreements. We provide guarantees as described in note 28 to the 2009 audited consolidated financial statements. There have been no material changes for the six month period ended June 30, 2010 related to our guarantees other than the Fund guaranteeing the payment of dividends and the amounts due on redemption of the preferred shares issued by its subsidiary.

RELATED PARTY TRANSACTIONS

The Company has entered into power sales agreements to sell power for Brookfield's subsidiaries' operations. Our insurance coverage is obtained from a subsidiary of Brookfield. The Company also holds short and long-term investments in Brookfield and its subsidiaries that generate interest income.

The table below summarizes the transactions that occurred in the normal course of operations:

($US millions)	Three months ended June 30, 2010	2009	Six months ended June 30, 2010	2009
Revenues				
Sale of power	**$ 6**	$ 6	**$ 10**	$ 12
Investment and other income	**5**	7	**8**	6
Expenses				
Interest expense on convertible debentures	**24**	-	**51**	-
Interest expense on note payable	**4**	2	**6**	18
Insurance services arranged by Riskcorp Inc.	**3**	3	**7**	5

The following table summarizes the balances receivable from and payable to related parties as at June 30, 2010, and December 31, 2009:

($US millions)	June 30, 2010	December 31, 2009
Demand deposits and promissory notes with Brookfield and affiliates	**$ 587**	$ 514
Securities in related parties	**161**	156
Notes receivable from Brookfield and wholly-owned subsidiary of Brookfield	**576**	578
Due from other owners of jointly controlled subsidiaries	**8**	7
Note payable on demand to wholly-owned subsidiary of Brookfield	**$ 32**	$ 32
Note payable to Brookfield or wholly-owned subsidiary of Brookfield	**115**	70
Convertible debentures payable to Brookfield	**940**	1,086

SUMMARY OF HISTORICAL QUARTERLY RESULTS

Operating cash flows vary with the amount of electricity generated in any given quarter and the realized prices of selling that electricity. The volume of electricity generated depends on available water inflows that rely upon precipitation and the management of storage capabilities. Realized prices are influenced by marketing and asset enhancement initiatives and changes in foreign exchange rates. The following is a summary of unaudited quarterly financial information for the last eight consecutive quarters:

	2010		2009			
($US millions, except generation)	Q2	Q1	Q4	Q3	Q2	Q1
Power generated (GWh) [1]	3,372	4,241	3,820	3,720	4,243	4,035
Revenues	$ 263	$ 330	$ 288	$ 248	$ 289	$ 289
Operating cash flow	164	238	192	160	207	211
Net (loss) income	(50)	17	(108)	(85)	-	86

[1] Power generated (GWh) are on an owned and managed basis.

	2008 [1]	
($US millions, except generation)	Q4	Q3
Power generated (GWh) [2]	3,203	3,399
Revenues	$ 238	$ 289
Operating cash flow	148	185
Net income	59	148

[1] The quarterly results for 2008 are those originally reported, prepared under Canadian GAAP and have not been restated under IFRS.

[2] Power generated (GWh) are on an owned and managed basis.

SIGNIFICANT CHANGES IN ACCOUNTING STANDARDS

The notes to the unaudited interim consolidated financial statements as at and for the three and six month periods ended June 30, 2010, contain a summary of the critical accounting policies used in preparation of the unaudited interim consolidated financial statements. On January 1, 2010, the Company transitioned to IFRS in advance of mandatory adoption on January 1, 2011.

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements are prepared in accordance with IFRS, which require the use of estimates and judgment in reporting assets, liabilities, revenues, expenses and contingencies. In the judgment of management, none of the estimates outlined in note 2 (Significant Accounting Policies) to the June 30, 2010 interim consolidated financial statements are considered critical accounting estimates as defined in regulation 51-102, with the exception of the estimates related to certain derivative financial instruments, and to the valuation of property, plant and equipment. These estimates are critical given the significance of derivative financial instruments and property, plant and equipment, as well as the number of assumptions used in determining their fair value. Estimates include determination of accruals, purchase price allocations, useful lives, asset impairment testing, deferred tax liabilities and those relevant to the defined benefit pension and non-pension benefit plans. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

FUTURE ACCOUNTING POLICY CHANGES

IFRS 9, FINANCIAL INSTRUMENTS

IFRS 9, Financial Instruments ("IFRS 9") was issued by the International Accounting Standards Board ("IASB") on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

RELATED PARTY DISCLOSURES - REVISED DEFINITION OF RELATED PARTIES

On November 4, 2009, the IASB issued a revised version of IAS 24 *Related Party Disclosures* ("IAS 24"). IAS 24 requires entities to disclose in their financial statements information about transactions with related parties. Generally, two parties are related to each other if one party controls, or significantly influences, the other party. IAS 24 has simplified the definition of a related party and removed certain of the disclosures required by the predecessor standard. The revised standard is effective for annual periods beginning on or after January 1, 2011. The company is currently evaluating the impact of the change to IAS 24 on its consolidated financial statements.

BUSINESS ENVIRONMENT AND RISKS

Management believes that there have been no significant changes in the business environment or risks faced by the Company since the end of 2009. For information about the Company's business environment and risks, please refer to the MD&A filed with the 2009 Brookfield Renewable audited consolidated financial statements, as well as the most recent Annual Information Form on SEDAR at www.sedar.com under Brookfield Renewable Power Inc.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements concerning our business and operations. Forward looking statements can be identified by the use of words, such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "pending", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve assumptions and known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward statements. For further information on these known and unknown risks, please see "Business Risks" in the Company's MD&A filed with the 2009 Brookfield Renewable Power Inc. audited consolidated financial statements filed at www.sedar.com.

Examples of such statements include, but are not limited to, factors relating to production and the business, financial position, operations and prospects for the Company. They include but are not limited to: changes in hydrology and wind conditions; fluctuations in energy prices; failure by the Company to manage transaction risks associated with energy marketing and sales; changes in policies and assumptions in determining IFRS valuations; failure by the Company to maintain equipment; failure by counterparties to fulfill contractual obligations and failure by the Company to replace contracts; general risks faced by the industry; changes in the general economy; failure of transmission systems on land or adequate transmission capacity; increases in water rental costs or similar fees; changes in foreign currency exchange rates; changes to regulations, increases in regulatory costs and changes in wholesale market rules; failure by the Company to renew, maintain or obtain necessary governmental permits; changes in technology; inability to generate or sell electricity; failure by the Company to maintain dam safety; inadequate insurance; failure by the Company to comply with public safety and health, safety and environmental regulations; threat of legal action and claims against the Company; failure by the Company to avoid labor disruptions; changes in power markets; changes in the Brazilian economic, political or social climate; changes in support for renewable power; inability of the Company to develop greenfield projects; delays in construction and increased construction costs; failure of the Company to adapt to new technologies and failure of new technologies to perform; failure of the Company to maintain relationships with partners; inability of the Company to successfully integrate acquisitions; failure of the Company to enforce legal rights in new markets; inability of the Company to access capital on desirable terms; failure of the Company to comply with covenants in loan agreements; inability of the Company to withdraw cash from subsidiaries; changes in interest rates and downgrading of credit ratings; inability to secure attractive project level financing; and changes in tax laws. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied in the forward-looking statements contained herein and as such, you are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements represent our views as of the date of this MD&A. While we anticipate that subsequent events and developments may cause these views to change, we disclaim any obligation to update these forward-looking statements, other than as required by applicable law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to August 5, 2010, the date of this MD&A.

/s/ Donald Tremblay

Donald Tremblay
Executive Vice President and Chief Financial Officer

Brookfield

Annual Information Form
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March 26, 2010

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CAUTIONARY STATEMENTS

FORWARD-LOOKING INFORMATION

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Examples of such statements include, but are not limited to factors relating to production and the business, financial position, goals, objectives, operations and prospects for the Company. They include but are not limited to: changes in hydrology and wind conditions; fluctuations in energy prices; failure by the Company to manage transaction risks associated with energy marketing and sales; failure by the Company to maintain equipment; failure by counterparties to fulfill contractual obligations and failure by the Company to replace contracts; general risks faced by the industry; failure of transmission systems on land or adequate transmission capacity; increases in water rental costs or similar fees; changes in foreign currency exchange rates; changes to regulations, increases in regulatory costs and changes in wholesale market rules; failure by the Company to renew, maintain or obtain necessary governmental permits; inability to generate or sell electricity; failure by the Company to maintain dam safety; inadequate insurance; failure by the Company to comply with public safety and health, safety and environmental regulations; threat of legal action and claims against the Company; failure by the Company to avoid labour disruptions; changes in power markets; changes in the Brazilian economic, political or social climate; changes in technology; inability to acquire or develop high quality assets at attractive prices; changes in support for renewable power; inability of the Company to develop greenfield projects; delays in construction and increased construction costs; failure by the Company to adapt to new technologies and failure of new technologies to perform; failure by the Company to maintain relationships with partners; inability of the Company to successfully integrate acquisitions; failure by the Company to enforce legal rights in new markets; a decline in the market value of or income from the Company's infrastructure assets; inability of the Company to access capital on desirable terms; failure by the Company to comply with covenants in loan agreements; inability of the Company to withdraw cash from subsidiaries; changes in interest rates and downgrading of credit ratings; inability to secure project level financing; and changes in tax laws. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied in the forward-looking statements contained herein and as such, you are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements represent the Company's views as of the date of this Annual Information Form. While the Company anticipates that subsequent events and developments may cause its views to change, the Company disclaims any obligation to update these forward-looking statements, other than as required by applicable law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this Annual Information Form.

NON-GAAP MEASURES

This Annual Information Form contains references to "operating cash flow", which is a non-GAAP measure and may differ from definitions of operating cash flow used by other companies. Operating cash flow is our principal performance measure since it is a tangible measurement and best reflects the cash flows generated by our power assets. We present the information in this format as we believe it is

informative for the reader and it presents our business in a meaningful way. We define operating cash flow as revenues from power operations, net of operating and maintenance costs, fuel purchases for the combined cycle natural gas-fired generation plants, power purchases, selling, marketing and administration expenses and property and other generation taxes on our facilities. Operating cash flow should not be considered as the sole measure of the Company's performance and should not be considered in isolation from, or a substitute for, analysis of the Company's financial statements prepared in accordance with GAAP. A reconciliation of operating cash flow to net income as presented in our financial statements is presented in the "2009 Full Year Performance Review" section of our Management's Discussion and Analysis for the year ended December 31, 2009.

THE COMPANY

Brookfield Renewable Power Inc. ("**Brookfield Renewable**" or the "**Company**") was amalgamated and organized under the *Business Corporations Act* (Ontario) on March 31, 2008. Our predecessor companies were Brookfield Power Corporation, a reporting issuer, and its parent, Brookfield Power Inc.

Brookfield Renewable is a wholly owned subsidiary of Brookfield Asset Management Inc. ("**Brookfield**"), a global asset management company focused on property, power and infrastructure assets. Brookfield manages assets worth approximately $108 billion and is listed on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbol BAM, as well as on the Euronext Amsterdam exchange under the symbol BAMA.

In business for over 100 years, Brookfield Renewable owns, operates and manages assets with an underlying value of approximately $14 billion of power generation and related assets in Canada, the United States and Brazil. Our portfolio includes 163 conventional hydroelectric generating facilities on 62 river systems, one hydroelectric pumped storage facility, two thermal co-generating plants and one of the largest operating wind farms in Canada. The installed capacity of our portfolio totals almost 4,200 megawatts ("**MW**"). Our assets could produce on average more than 15,500 gigawatt hours ("**GWh**") of energy annually, mostly from renewable and environmentally-preferred resources.

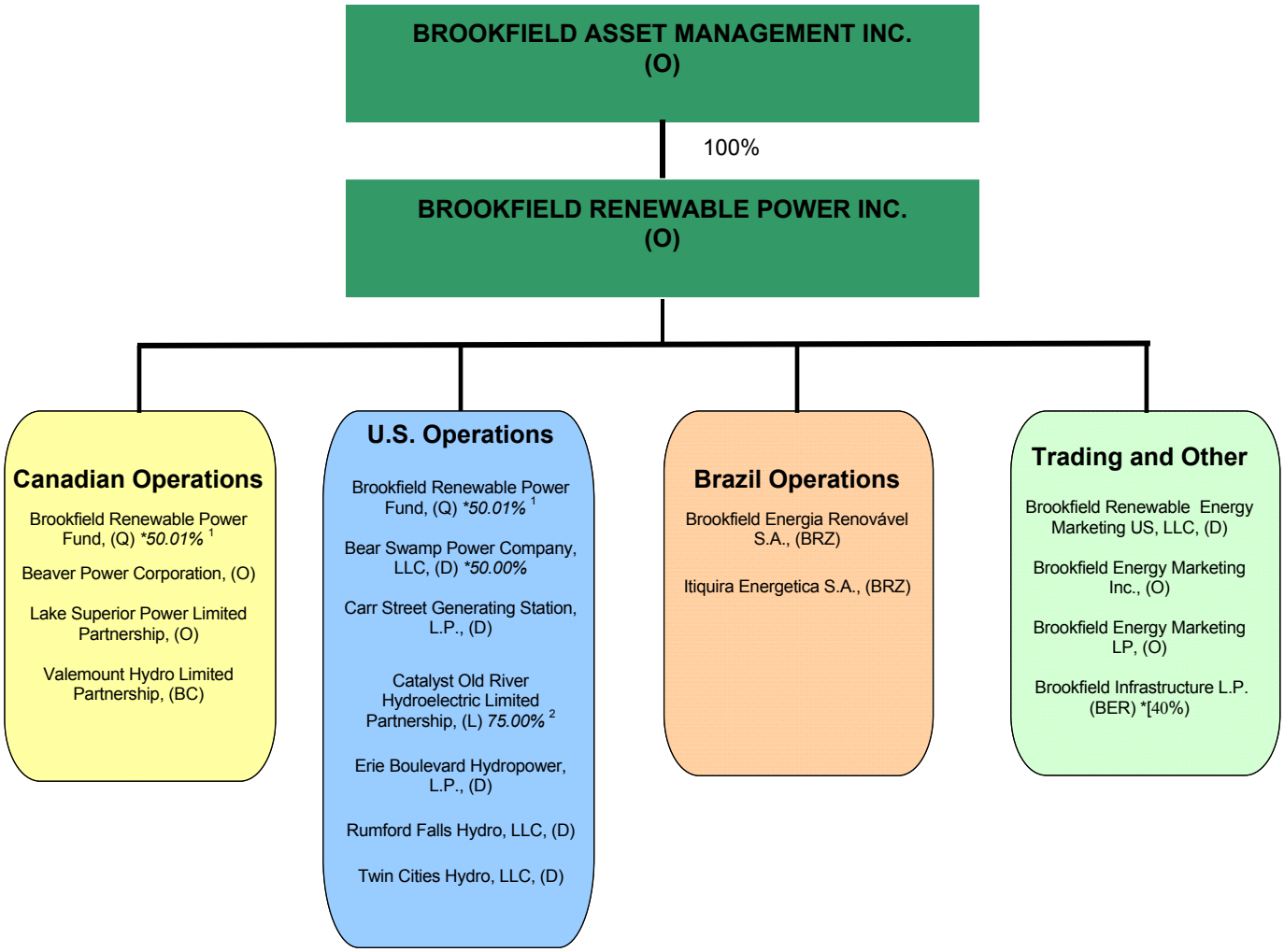
Certain of the Company's power generation assets are held through Brookfield Renewable Power Fund (formerly Great Lakes Hydro Income Fund) (the "**Fund**"). The Fund's trust units ("**Trust Units**") are publicly traded on the TSX under the symbol BRC.UN. The Fund is Brookfield's platform for Canadian operating or construction-ready hydro and wind power generation facilities. For more information on the Fund, please see the Fund's financial statements and management's discussion and analysis (**"MD&A"**) for the year ended December 31, 2009, and the Fund's Annual Information Form available on SEDAR at www.sedar.com or on the Fund's website at www.brpfund.com.

The Company also has interests in certain infrastructure assets (the "**Infrastructure Investments**"), primarily focused on utilities and energy, transportation and timber assets in North and South America, Australasia and Europe, through an approximate 40% interest in an affiliate of Brookfield Infrastructure Partners L.P. ("**Brookfield Infrastructure**") and a 10% interest in Transelec Chile S.A. ("**Transelec**"). Transelec is Chile's national transmission grid. Brookfield Infrastructure is a publicly traded entity on the NYSE and the TSX under the symbols BIP and BIP.UN, respectively. More information regarding Brookfield Infrastructure is available at www.brookfieldinfrastructure.com or on SEDAR at www.sedar.com.

The head and registered office of the Company is located at Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

All financial information in this Annual Information Form is expressed in U.S. dollars, unless otherwise noted. All references to the "Company", "Brookfield Renewable", "we", "us" and "our" refer to Brookfield Renewable, including its predecessor companies, and its consolidated subsidiaries, unless the context requires otherwise. All information is as at December 31, 2009, unless otherwise indicated.

ORGANIZATIONAL STRUCTURE



Percentage of voting securities owned or controlled is 100%, unless otherwise indicated.

Jurisdiction of organization:

(BRZ)	Brazil	(L)	Louisiana
(BC)	British Columbia	(O)	Ontario
(BER)	Bermuda	(Q)	Québec
(D)	Delaware		

[1] Brookfield Renewable Power Fund is 50.01% owned on a fully-exchanged basis by Brookfield Renewable through its ownership of 50,328,338 Trust Units, and 4,062,500 shares (the **"Exchangeable Shares"**) of Great Lakes Power Holding Corporation (**"GLPHC"**), a subsidiary of the Fund. The Exchangeable Shares may be exchanged at any time on a one-for-one basis into Trust Units.

[2] Represents a residual economic non-voting interest.

DEVELOPMENT OF THE BUSINESS

Below is a summary of the material developments of Brookfield Renewable's business since January of 2007.

Corporate

In November 2009, the Company acquired the Infrastructure Investments from Brookfield and subscribed for additional units to maintain its ownership interest in an affiliate of Brookfield Infrastructure at approximately 40%. The total consideration for the acquisition of the Infrastructure Investments and the subsequent subscription was approximately $840 million, paid in cash plus the issuance of 1,409,662 Class B preference shares of the Company (the "**Class B Shares**") and a reduction of deposits with Brookfield. The funds from the additional unit subscription were used by Brookfield Infrastructure in its acquisition of interests in a global infrastructure platform.

On December 23, 2009, we closed a short-term CDN$200 million financing, secured by a promissory note received from the Fund when the Company sold substantially all of our Canadian operating assets to the Fund in August 2009 (discussed below). The credit facility was repaid in March 2010 when the Fund repaid the promissory note.

In three separate transactions during 2009, we completed the offering of CDN$700 million of unsecured corporate notes in two series, all issued under the short form base shelf prospectus dated July 28, 2008 (the "**2008 Prospectus**") and a related prospectus supplement filed in November 2009. The CDN$400 million Series 5 notes mature in February 2012, rank pari passu with all other existing debt, have semi-annual interest payments, and bear interest at a rate of 8.75% per annum. Series 6 notes in the amount of CDN$300 million mature in November 2016, rank pari passu with all other existing debt, have semi-annual interest payments, and bear interest at a rate of 6.132% per annum. Proceeds were used to fully repay CDN$450 million of Series 1 unsecured notes maturing in December 2009 and for general corporate purposes. A copy of the 2008 Prospectus and all supplements relating thereto are available on SEDAR at www.sedar.com.

On February 25, 2009, we declared and paid a $1.1 billion dividend to Brookfield. Payment of the dividend was effected by reducing the amount receivable from Brookfield. At the same time, we issued 54,705,200 Class A Shares to Brookfield valued at $1.1 billion in exchange for a reduction in the balance owing to Brookfield. In September 2009, we redeemed 40,000,000 Class A preference shares (the "**Class A Shares**") in exchange for CDN$1 billion in convertible debentures owed to Brookfield. On November 13, 2009, Brookfield exchanged its remaining 71,782,312 Class A Shares for the same number of Class B Shares.

On March 10, 2010, one of the Fund's wholly-owned subsidiaries issued CDN$250 million of Series 1 preferred shares. The holders of the preferred shares are entitled to receive, for the initial five-year period ending April 30, 2015, fixed cumulative dividends at an annual rate of $1.3125 per share, a yield of 5.25%. The dividend rate will reset on April 30, 2015 and every five years thereafter at a rate equal to the then five-year Government of Canada Bond yield plus 2.62%. The Fund used the net proceeds of the offering to repay the CDN$200 million promissory note issued to Brookfield Renewable, and for general corporate purposes.

Canadian Operations

In November 2009, we signed a 20-year agreement (the "**OPA Contract**") with the Ontario Power Authority (the "**OPA**") to sell energy from our uncontracted Ontario hydroelectric generating assets, representing approximately 2,300 GWh per year, at a base price of CDN$69 per megawatt hour ("**MWh**") plus additional payments for on-peak production. The base price and peaking premium will be increased annually. The OPA Contract, together with the LIPA II Contract discussed below, increased our generation output currently under long-term contracts from approximately 50% to approximately 70%.

On October 8, 2009, the Company sold its Ontario electric distribution business to FortisOntario Inc., a wholly-owned subsidiary of Fortis Inc., for consideration of CDN$75 million, subject to certain adjustments. The distribution business provides electricity distribution services to approximately 12,000 customers in the Algoma district of northern Ontario.

In 2009, in two separate transactions, we sold substantially all of our Canadian portfolio to the Fund for total consideration of CDN$1.1 billion, satisfied by way of CDN$430 million in cash, a CDN$200 million senior secured note issued by the Fund to the Company and the issuance of 25.6 million Trust Units, and 4.1 million Exchangeable Shares of a subsidiary of the Fund, exchangeable into the same number of Trust Units. As part of the transactions, we entered into two new power guarantee agreements ("**PGAs**") with the Fund to guarantee to the Fund a fixed price per MWh of energy produced and delivered by the Great Lakes Power facilities in northern Ontario effective as of August 31, 2009, and by the Hydro-Pontiac facilities in Québec, for an initial term of 20 years with successive 20 year renewal periods. The Hydro-Pontiac PGA takes effect following the expiry in 2019 and 2020 of the existing power purchase agreements ("**PPAs**") with Hydro-Québec. We also agreed with the Fund, for a period of 10 years, to mitigate any shortfall in generation for the Prince wind farm ("**Prince Wind**") near Sault Ste-Marie, Ontario below 506 GWh, while the Fund will pay to the Company any revenue for generation above the same threshold. In addition, we amended two PPAs with the Fund, effective August 31, 2009, to increase the price that we currently pay for power generation from the Fund's existing Lièvre power facilities in Québec and Mississagi power facilities in Ontario to CDN$68 per MWh, reflecting increases in power prices since the original signing of the contracts. The cash portion of both transactions was funded by the Fund by the issuance of Trust Units through two public offerings and a private placement to certain institutional investors. After completion of the transactions, we continue to own 50.01% of the Fund, on a fully-exchanged basis.

In July 2009, the Fund repaid first mortgage bonds in the amount of CDN$75 million with the proceeds of an offering of CDN$95 million seven-year first mortgage bonds issued in that same month in connection with its Powell River facilities in British Columbia. The new bonds bear a fixed interest rate of 6.45%, payable semi-annually.

Prince Wind was financed in November 2008 with a five-year floating rate credit facility in the amount of CDN$300 million which matures on November 30, 2012.

In March 2008, we sold our Ontario transmission operations to Brookfield Infrastructure for cash consideration of approximately CDN$88 million, plus the assumption of CDN$120 million of project level debt and CDN$5 million of additional consideration for working capital. The transmission operations are located in northern Ontario.

Two run-of-the-river hydroelectric generating stations in northeast British Columbia were acquired in October 2007 for cash consideration of approximately $14 million and the assumption of CDN$3.7 million in debt. The East Twin and Hystad facilities consist of five generating units with a combined installed capacity of 7 MW and produce approximately 29 GWh of energy annually. All power generated from these stations is sold under long-term PPAs.

For more information with respect to the Company's Canadian Operations, please see "*Description of the Business – Canadian Operations*" on page 15 of this Annual Information Form.

U.S. Operations

In June 2009, we signed a 10-year PPA (the "**LIPA II Contract**") to supply Long Island Power Authority ("**LIPA**") with 300 GWh annually of clean renewable power, with deliveries commencing in July 2009.

In August 2008, a senior secured non-revolving credit facility for $125 million was completed in connection with the Bear Swamp facilities in western Massachusetts. Bear Swamp, which consists of the

Fife Brook run-of-the-river facility and the Jack Cockwell hydroelectric pumped storage facility, is operated as a joint venture between Brookfield Renewable and Emera Inc. This credit facility matures on May 2, 2012. In 2007, Brookfield Renewable entered into a PPA (the "**LIPA I Contract**") with LIPA for the sale of approximately 50% of the generation from the Jack Cockwell pumped storage facility. The LIPA I Contract expires in 2021.

Also in August 2008, the Rumford Falls operations in Maine were financed with a senior secured non-revolving credit facility of $95 million. The Rumford Falls credit facility matures on May 8, 2010.

Brookfield Renewable entered the U.S. midwest power market in March 2008 with the purchase of the Twin Cities hydroelectric facility in St. Paul, Minnesota. The consideration for the acquisition was approximately $48 million. Located on the Mississippi River, this run-of-the-river facility has a total installed capacity of 18 MW and produces approximately 107 GWh of energy annually. All power generated by Twin Cities is sold into wholesale markets. In August 2008, Brookfield Renewable issued $25 million of senior notes maturing in 2012 and secured by the Twin Cities assets.

In December 2007, we successfully completed a private placement of $330 million of senior notes secured by the assets of Erie Boulevard Hydropower L.P. ("**Erie Blvd**."), a wholly-owned subsidiary of Brookfield Renewable. This financing provided operational funding for the facilities of Erie Blvd., Piney & Deep Creek, Glens Falls, Hewittville, Unionville, Hawks Nest and West Delaware. A portion of these notes mature in 2012 and the remainder mature in 2017.

The Glens Falls hydroelectric facility was acquired in August 2007 for a purchase price of approximately $33 million. Located on the Upper Hudson River in New York, this run-of-the-river facility has a total installed capacity of 15 MW and produces approximately 60 GWh of energy annually. The generation from Glens Falls is sold to a paper mill under a PPA expiring in 2017.

In February 2007, Brookfield Renewable purchased two 3 MW run-of-the-river hydroelectric stations ("**Hewittville and Unionville**") on the Raquette River in Potsdam, New York for cash consideration of approximately $16 million. The Hewittville and Unionville stations, producing on average 35 GWh of electricity annually, are adjacent to existing Company operations on the same river. All power produced by these facilities is sold under a long-term PPA to an industrial customer.

For more information on our U.S. Operations, please see "*Description of the Business – U.S. Operations*" on page 17 of this Annual Information Form.

Brazil Operations

On December 18, 2009, the Company completed long-term financing of R$370 million for our Itiquira facility in Brazil. The financing matures in December 2013 and bears interest at a rate of CDI (Brazil's interbank lending rate) plus a spread. The proceeds were used to repay a $120 million loan agreement and a credit facility in the amount of approximately R$165 million. The Itiquira facility was purchased in 2008 by Brookfield Renewable for cash consideration of approximately $393 million (including a working capital adjustment) plus the assumption of R$74 million in debt. All power produced by Itiquira is sold under a PPA expiring in 2014 with a state-owned distributor of electricity.

In October 2009, financing for the Company's newly constructed Barra do Brauna facility was completed with Brazil's National Bank for Economic Development ("**BNDES**"). The amount financed was R$118 million at an interest rate of TJLP (BNDES' long-term interest rate) plus a spread. The loan is amortized over sixteen years. Barra do Brauna is a 39 MW hydro facility that can generate on average approximately 193 GWh annually. All generation from this facility will be sold under a concession agreement expiring in March 2036. In December 2009, we commenced the commercial operation of this facility.

On January 31, 2009, we commenced operation of our newly constructed 20 MW Linha Emilia hydroelectric generating facility located in Brazil. The Linha Emilia facility is part of a larger construction project, which also includes the Caçador and Cotiporã generating facilities. The 22 MW Caçador generating station commenced operations in October 2008 while the 20 MW Cotiporã generating station commenced operations in December 2008. Funding for the Linha Emilia project consists of a R$65 million loan from the BNDES that will mature in September 2023 and bears interest at a rate of TJLP plus a spread.

Brookfield Renewable acquired from Brookfield, in November 2008, the Brazilian company Brookfield Energia Renovável S.A. ("**BESA**"), which included the Barra do Brauna and Linha Emilia projects. At the time of the acquisition, BESA also owned 29 hydro stations on 20 river systems with an aggregate installed capacity of 356 MW and can generate approximately 1,893 GWh of power annually. The total consideration paid to Brookfield for the BESA acquisition was approximately $490 million. Brookfield Renewable had managed the BESA assets on behalf of Brookfield since 2001.

For more information on the Company's Brazilian Operations, please see "*Description of the Business – Brazil Operations*" on page 19 of this Annual Information Form.

Development/Construction

On September 30, 2009, the Fund announced the commencement of construction of the Gosfield wind farm (**"Gosfield Wind"**) in southern Ontario. Gosfield Wind will have a capacity of 50 MW and is expected to produce an average of approximately 150 GWh of power annually once commercial operation commences. Final design, permitting and procurement activities are underway with site construction activity having commenced in January 2010. Gosfield Wind is expected to be operational by the fall of 2010. All power produced from Gosfield Wind will be sold at a fixed price to the OPA under a 20-year PPA and will also benefit from a CDN$10/MWh incentive from the Canadian Federal Government's ecoEnergy Program for the first ten years of its operation. A non-revolving credit facility of up to approximately CDN$100 million from two banks for the construction and the first three years of operation of Gosfield Wind was secured in December, 2009.

Brookfield Renewable is currently commissioning the Angelina facility located in Rio Garcia, Santa Catarina State, Brazil. This hydro facility will consist of three units with an installed capacity of 26 MW and is anticipated to produce approximately 146 GWh per year on average. All power produced by the Angelina facility will be sold under a 5-year PPA with an industrial customer. Angelina is expected to commence commercial operation in the second quarter of 2010. On July 21, 2009, financing for the Angelina facility was completed with BNDES. The amount financed was R$84 million at an interest rate of TJLP plus a spread. The loan will be amortized over ten years, starting twelve months after disbursement.

In March 2010, Brookfield Renewable was awarded a 40-year PPA in connection with BC Hydro's Clean Power Call for our Kokish development project in British Columbia. The 45 MW run-of-the-river project is expected to generate approximately 185 GWh of clean renewable energy annually. The Kokish project is owned 75% by Brookfield Renewable and 25% by the Namgis First Nations. Kokish is in the process of finalizing permitting for the facility.

For more information on our development projects, please see "*Description of the Business – Development and Construction*" on page 20 of this Annual Information Form.

DESCRIPTION OF THE BUSINESS

Hydroelectric and Wind Power Generation

Conventional hydroelectric plants generate electricity by converting the energy inherent in moving water as it falls from high elevations to low elevations, typically through the use of constructed dams and floodgates. Hydroelectric power generation is a mature, efficient and relatively simple technology that has

not changed dramatically over the past century. Hydroelectric power assets are considered to be low-cost, long-life and flexible and provide an environmentally preferred form of electric power generation which, if managed effectively, will yield increasing cash flows and appreciating asset value.

Wind power generation uses naturally occurring air flow patterns and velocity to turn turbines to generate electricity.

The all-in operating cost of producing electricity through conventional hydro or wind is significantly lower than other technologies, given the absence of fuel costs, the ability to automate their operations and the relatively low cost of regulatory permits, water rights for hydro projects, and land rights for wind projects. These attributes provide a sustainable position as low-cost producers in the energy industry which results in higher operating margins across a wide range of market conditions.

Hydroelectric pumped storage generation is a closed loop hydroelectric generating asset that has reversible turbines that serve as both pumps and generating units. This technology permits energy to be stored by pumping water up into an elevated reservoir, and then generating power at a later time by releasing the water from the reservoir and reversing the turbines which act as generating units. Generally speaking, the efficiency ratio of a hydroelectric pumped storage plant is in the range of 1.3-1.4, meaning that it takes 1.3 to 1.4 units of energy to pump water to the top reservoir in order to generate 1 unit of energy upon release. A pumped storage facility purchases electricity to pump water into the reservoir during times in the market when pricing is low (which is usually at night), and then generates and sells electricity during high price periods with the goal of maximizing a price differential between the two time periods. In addition to capturing the energy spread value, hydroelectric pumped storage plants can also generate significant revenue streams from the sale of ancillary services, such as operating reserves, and capacity.

Asset Base

Power Generation Assets

Brookfield Renewable has been in the power business for over 100 years and is considered a highly experienced owner, manager, operator and developer of power generation facilities. Brookfield Renewable owns, operates and/or manages a portfolio of 3,983 MW of renewable power generation, comprising 3,794 MW of hydroelectric generation (conventional and hydroelectric pumped storage) and 189 MW of wind generation, throughout Canada, the United States and Brazil. The Company also owns and operates two gas-fired generating facilities located in Ontario and New York with a combined installed capacity of 215 MW.

In addition to our operating assets, Brookfield Renewable has a significant diversified pipeline of development projects either in construction or advanced development.

Operating Assets
(as at December 31, 2009)

Markets	Rivers	Generating Stations	Generating Units	Capacity [1] MW	LTA [2] GWh	Storage and MRE[3] GWh
Hydroelectric						
Conventional						
Canada	18	32	72	1,324	5,077	1,261
United States	23	98	263	1,300	6,073	1,047
Brazil	21	33	73	570	3,145	3,062
Total Conventional	**62**	**163**	**408**	**3,194**	**14,295**	**5,370**
Hydroelectric Pumped Storage						
United States	1	1	2	600	384	1,095
Total Hydroelectric	**63**	**164**	**410**	**3,794**	**14,679**	**6,465**

Operating Assets
(as at December 31, 2009)

Markets	Rivers	Generating Stations	Generating Units	Capacity [1] MW	LTA [2] GWh	Storage and MRE [3] GWh
Wind						
Canada	–	1	126	189	506	–
Other						
Canada	–	1	3	110	372	–
United States	–	1	3	105	30	–
Power generating assets	**63**	**167**	**542**	**4,198**	**15,587**	**6,465**

(1) Capacity reflects 100% of asset capacity

(2) Expected generation is based on long-term average (**"LTA"**) hydrological and wind data except for hydroelectric pumped storage (**"pumped storage"**) which is based on the estimated level of generation that can be supported by expected market prices.

(3) Energy Reallocation Mechanism (**"MRE"**) in Brazil mitigates hydrology risk by guaranteeing that all participants receive their assured energy.

Material Permits & Licenses

The Company holds a variety of long-term waterpower licenses issued by the provinces in Canada where the operations are situated. These waterpower licenses permit Brookfield Renewable to use land, water and waterways for the generation of electricity. These licenses also contain terms that deal with water management, land use, public safety, recreation and the environment. At the end of the license period, license holders can apply to the requisite government body to have their licenses renewed.

The Company's rights to operate our facilities in the United States are secured primarily through long-term licenses from Federal Energy Regulatory Commission ("**FERC**"), the federal agency that regulates the licensing of substantially all hydro power plants in the United States. FERC licenses allow for the use by the license holder of the defined "project facilities", which generally include the land and water required for power generation.

Rights to hydroelectric sites are secured in Brazil by obtaining authorizations and concessions from the Brazilian Ministry of Mines and Energy ("**MME**") through the National Agency for Electric Energy. In Brazil, other than for mini hydro plants (less than 1 MW of installed capacity), there are no exemptions for hydroelectric facilities to obtain authorizations and concessions. Concessions of hydroelectric plants above 50 MW can only be granted by public auction. For plants over 50 MW, developers (public or private) who bid the lowest tariff win the concession and a PPA with the utilities company. Of Brookfield Renewable's authorizations and concessions, 84% have terms exceeding 20 years. Generally, concessions and authorizations provide for renewal rights for an additional 20-year period.

As well, Agência Nacional de Energia Elétrica ("**ANEEL**") issues Assured Energy Certificates for each facility which stipulates the maximum amount of energy a generator can sell from that facility. ANEEL reviews each plant's historical generation every five years to reassess plants assured energy volumes and any increase or decrease in the long term average may result in a review of the Assured Energy Certificate which is limited to a change of 5% each time and a maximum change of 10% over the life of the authorization or concession.

Wind farms generally do not require permits in order to allow the use of wind to generate power, and the majority of the permitting requirements for a wind farm are local in nature, consisting largely of land leases with public and private landowners, and other land rights and easements.

Financial Position & Operating Results

Generation (GWh)	Long-term Average[1] Year ended December 31, **2009**	2008	Actual Production[1] Year ended December 31, **2009**	2008
Conventional hydroelectric generation				
Canada	**5,003**	4,971	**4,723**	5,278
United States	**6,034**	6,072	**6,881**	6,681
Brazil	**2,792**	781	**2,860**	770
Total conventional hydroelectric generation	**13,829**	11,824	**14,464**	12,729
Pumped Storage				
United States	**384**	384	**432**	426
Wind generation	**506**	534	**433**	456
Thermal generation	**880**	880	**489**	823
Total generation	**15,599**	13,622	**15,818**	14,434

[1] LTA and actual production included as of the date of acquisition.

Revenues and Operating Results ($U.S. millions)	Invested Capital [1] As at **Dec. 31, 2009**	Dec. 31, 2008	Revenues Year ended December 31, **2009**	2008	Operating cash flow Year ended December 31, **2009**	2008
Conventional hydroelectric generation						
Canada	**$ 1,406**	$ 1,260	**$ 288**	$ 361	**$ 184**	$ 271
United States	**1,898**	1,920	**494**	551	**363**	397
Brazil	**1,321**	797	**227**	51	**158**	33
Pumped storage						
United States	**98**	100	**66**	86	**35**	37
Total hydroelectric generation	**4,723**	4,077	**1,075**	1,049	**740**	738
Wind generation	**319**	290	**35**	40	**29**	32
Other operations	**314**	386	**57**	95	**-**	37
Total Invested capital / operating cash flow	**5,356**	4,753	**1,167**	1,184	**769**	807

[1] Invested capital for the various operating segments includes power generating assets, PPAs, FERC licenses, and other depreciable assets.

During 2009, Brookfield Renewable's operating cash flow decreased by $38 million from $807 million in 2008 to $769 million in 2009, mainly as a result of lower wholesale market prices on the Company's uncontracted generation and the strengthening of the U.S. dollar during the year. These decreases were partially offset by higher generation from the conventional hydroelectric portfolio in New York, Louisiana, and the addition of generating assets in Brazil.

The strategy of selling electricity forward through PPAs and shorter term financial contracts limited the negative effect of the significant decrease in wholesale market prices on the Company's operating cash flow. Brookfield Renewable's realized price from conventional hydro only decreased to $70 from $76 in 2008, despite wholesale power prices being 30-50% lower in markets where we have assets.

Operating Strategy

Brookfield Renewable's generating assets are operationally flexible and their low cost provides sustainable competitive advantages. Higher profitability and long-term value are created by centrally managing the marketing of our generation and focusing significant efforts on optimizing and increasing revenues. Through this revenue-focused operating strategy, we capture both short-term and long-term revenue opportunities. We have completely automated the dispatch and control of all of our plants in order to allow for a cost effective, real-time asset response to rapidly changing market conditions.

Brookfield Renewable employs approximately 1,100 people throughout our operations across North America and Brazil. Plant operations are largely decentralized through three regional operating centres covering Canada, the United States and Brazil, with the bulk of operations staff located at offices in the regional areas of our operations. This structure provides our plant operating teams with autonomy

to focus on maintaining and enhancing the reliability and efficiency of the Company's asset base. This also strengthens local stakeholder relations and enhances the effectiveness of safety programs for the benefit of employees, contractors and the general public. Brookfield Renewable takes a proactive approach to representation on industry advisory committees and engaging in dialogue with stakeholders and communities.

The cornerstone of Brookfield Renewable's asset maintenance and enhancement program is a 20-year forward-looking capital maintenance plan. This detailed plan is prepared for each power operation on an asset-by-asset basis by internal operating teams working together with independent engineering firms, recognized as industry leaders in hydroelectric and wind energy production and maintenance. Brookfield Renewable has found that, over time, if properly maintained, hydro assets have very long useful lives that far exceed common perceptions about asset depreciation. Although we have several relatively new plants in our portfolio, we also have plants that have been in operation for over 100 years. Older facilities have been upgraded to meet industry standards and to be fully automated, allowing for centralized control of the generating units.

Market for Renewable Power

Management anticipates that renewable power will be one of the fastest growing segments of the power and utilities sector. Brookfield Renewable believes that there are a number of key trends, described in more detail below, which it expects will support the continued strong growth of renewable power generation.

Widespread Acceptance of Climate Change

The contribution of greenhouse gases to global warming and the resulting environmental consequences are now widely accepted. In Canada and the United States, climate change legislation is at varying degrees of development and implementation. For example, in April 2009, the Canadian government announced its intention to plan new climate change regulations aimed at reducing coal-fired power station emissions. It is also expected that the Canadian and U.S. governments will co-operate on a carbon cap-and-trade regime. The U.S. administration has announced an economy-wide cap and trade regime system will be in place by 2012 and the Canadian federal government has recently indicated that Canada will attempt to align its climate change plans with those of the United States.

Rising Prices of Fossil Fuels

Over the long-term, the prices of oil and gas are expected to rise and become increasingly volatile due to the diminishing productivity of existing wells, increased reliance on higher-cost and unconventional resources, and the rising infrastructure costs of developing new oil and gas supplies.

Increased Cost Competitiveness of New Build Renewables

The construction of renewable technologies, particularly hydro and wind, has become more cost-competitive. Due to their low operating costs, hydro and wind facilities are able to offer stable long-term electricity rates to their power purchasers, unaffected by rising fossil fuel prices, compared to the uncertainty in the long-term costs of conventional fossil fuel-fired facilities.

The above factors have resulted in most Canadian provinces embracing the development of renewable power and adopting renewable portfolio standards and other incentives for awarding PPAs to new renewable facilities built by the private sector. Examples of policies and initiatives in provinces in which Brookfield Renewable currently owns assets include:

- **Ontario**: In February 2009, Ontario's Minister of Energy and Infrastructure introduced the *Green Energy Act*, which proposed a "feed-in-tariff" ("**FIT**") for the procurement of renewable energy projects, such as hydro and wind. Under the FIT program, newly-built hydro projects are offered long-term PPAs with a price of CDN$131/MWh and newly-built on-shore wind

projects are offered a price of CDN$135/MWh. The Ontario Government has stated its intention to double capacity of renewable resources to 15,000 MW by 2025 and to date, approximately 1,715 MW of hydro and wind capacity have been procured under PPAs with the OPA, including the Fund's 189 MW Prince Wind project and the 50 MW Gosfield Wind project currently under construction.

- **Québec**: Québec has a stated goal of 4,000 MW of electricity derived from operating wind power by 2015. To date, the province of Québec, through Hydro-Québec, has signed 20-year PPAs for wind-power projects in 2004 and 2008. There is currently 320 MW of wind capacity operating in Québec pursuant to recent PPAs with an additional 3,000 MW scheduled to come on-line between 2011 and 2015.

- **British Columbia**: As a result of growing supply shortages and increased dependence on imported power, in 2007 the British Columbia provincial government announced the B.C. Energy Plan, which stipulates that 90% of British Columbia's energy must come from renewable sources and that the province must be energy self-sufficient by 2016. As a result, BC Hydro issued the "Clean Power Call" for 5,000 GWh of renewable supply, which closed for proposals in late November 2008. In March 2010, BC Hydro announced the first set of awards to successful proponents under its Clean Power Call. As British Columbia features numerous rivers with undeveloped hydro resources, many of the proposed projects are hydroelectric.

In the United States, the momentum towards increasing the amount of renewable energy is very strong, as the United States looks to reduce greenhouse gases and other emissions, create jobs and increase its energy security. Twenty-nine states have now implemented formal renewable portfolio standards ("**RPS**"), under which local load serving entities are obligated to procure a pre-determined (and increasing) proportion of their total energy requirements from renewable sources. An additional six states have non-binding renewable portfolio goals ("**RPG**"). Most of the states where Brookfield owns hydro power plants have an RPS or RPG, including:

- **New York** implemented an RPS in September 2004, with a goal of having 24% of the state's electricity generated from renewable sources.

- **Maine** has had an RPS in place since 1999 and has updated and increased its renewable targets in 2006 and 2007. The current target stands at 40% of electricity from renewables by 2017, including an increase of renewable energy capacity of 10% by 2017 from new sources placed into service after August 2005.

- **Massachusetts'** RPS target adopted in July 2008 is for 15% of new renewable energy by 2020 and a 1% annual increase in each subsequent year.

In the case of Brazil, Brookfield Renewable's management's understanding of the country's energy policy is that Brazil seeks to meet most of its energy requirements through the development of its vast hydro and wind potential. The Company believes that Brazil seeks to procure energy and capacity from thermal plants for reliability purposes and to make up for short-term gaps between its growing demand and the development of renewable projects.

Our Markets

Brookfield Renewable sells all of our generation either under long-term PPAs for a steady and predictable revenue stream, or by delivering energy and related products into bid-based wholesale markets.

Electricity is an essential commodity and worldwide power demand is expected to grow over time with the global economy and population. Demand for electricity is non-uniform and varies due to seasonal and daily variations. Electricity demand can be broken into three principal components: (i) a baseload

component which represents the minimum level of electricity required regardless of season or time of day; (ii) an intermediate component reflecting the generally higher demand for electricity during daylight hours; and (iii) a peaking component which tracks the coincident pattern of electricity use throughout a region and is affected by variables such as weather (cooling demand in summer, heating demand in winter). The demand volatility associated with this peaking component is what gives rise to rapidly changing prices which can be advantageous for responsive generation assets, such as hydroelectric plants with water storage.

North American Markets

The North American electricity industry has been characterized by significant change over the past several decades, as several jurisdictions in both Canada and the United States have opened their electricity markets to competition. While the pace of deregulation has differed from region to region, wholesale electricity trading markets have developed, access to transmission systems has been provided, and a number of electric utilities have been restructured in response to state mandated efforts to move towards competition. Additionally, independent power producers have had the opportunity to increase their generating portfolios in markets where asset sales have been either mandated by regulators, or opportunities have materialized through consolidation or rationalization.

In Canada, Ontario and Alberta are the only provinces to have opened their electricity markets to wholesale competition, while the provinces of Québec, British Columbia and New Brunswick have restructured their electric utilities to some extent by providing open access to their transmission systems. New York, New England and most of the mid-Atlantic states have opened their wholesale electricity markets to competition. As deregulation has achieved varying degrees of success, market rules for deregulation have continued to be refined.

Certain markets in which the Company operates, including Québec, British Columbia and Louisiana, remain regulated power markets. Québec and British Columbia are dominated by their respective provincial utilities, while the Louisiana power market is controlled largely by investor-owned utilities. In regulated markets such as these, the Company pursues opportunities that provide the ability to sell power into interconnected competitive markets (for example, power generated in Québec can be sold into the Ontario, New England or New York competitive electricity markets), or where the Company can secure PPAs to sell power to third parties at attractive rates.

Competitive Wholesale Markets

In order for demand to be adequately satisfied by supply in North American competitive electricity markets, the various market operators (IESO, NYISO, ISO-NE, PJM and Midwest ISO, all defined below) conduct a bid-offer process which serves to schedule, or dispatch, the levels of generation or imports required to meet total demand. Depending on the market rules, generators will bid their generation into the market based on a demand curve which has been established by the market operator, dictating the generation that will be required in order to meet expected demand. As generators bid into the market, a “merit order” is established, and bids are ordered from the lowest bid to the highest bid up to the point where the generation required to meet demand is filled by the bidding generators. The generator who is able to fill the last remaining block of generation at the lowest price becomes the price setter for the market and establishes the market clearing price. Once that price has been established, all generators who are dispatched (i.e., those who bid at or below the market clearing price) are paid the market clearing price by the system operator.

In bid-based electricity markets, power prices can fluctuate significantly due to: (i) demand which can vary by time of day, geographic region, and weather patterns; (ii) supply of energy available to meet demand, reserve margin requirements and ancillary service requirements; and (iii) prices of natural gas, oil or coal as generators relying on fossil fuels bid into the wholesale market to recover their costs. Hydroelectric facilities with water storage capacity are able to take advantage of opportunities when

prices are high by releasing water stored in reservoirs and generating additional electricity to meet market demand.

Power markets in North America are continuing to evolve to include the sale of capacity and ancillary services to market operators (including operating reserves, voltage support, black start and regulation service), and the trading to counterparties of non-energy products, such as green attributes or renewable energy certificates ("**RECs**"), which generators such as Brookfield Renewable who produce energy largely through emissions-free technology, may be able to sell to counterparties. Hydroelectric generation is one of the few renewable generation technologies that can supply dependable capacity and ancillary services, as well as green attributes and RECs.

Many of the North American wholesale electricity markets are regionally interconnected. The main markets in North America in which Brookfield Renewable operates – Ontario, Québec, New York and New England – are connected, allowing power that is generated in one of these regions to be sold into the grids of any of the other markets.

Ontario. The Independent Electricity System Operator of Ontario ("**IESO**") functions as the centralized electricity system coordinator and is responsible for operating the wholesale real-time power market, directing the operations of the IESO administered grid in Ontario and maintaining the security and reliability of electricity supply. Generators may sell electricity at competitive prices into the Ontario administered bid-based market and are able to sell energy into the interconnected markets of Québec, New York and New England and/or ancillary markets.

Québec. While Québec remains a regulated power market dominated by the provincial utility, Hydro-Québec offers interconnections with the Ontario, New York and New England power grids, allowing Québec generators to sell power in those markets. TransÉnergie, which owns and operates Hydro-Québec's transmission system, is structured to allow transmission in Québec to the wholesale markets in Ontario and northeastern United States.

British Columbia. British Columbia is a regulated power market dominated by British Columbia Hydro and Power Authority ("**BC Hydro**"), a crown corporation which is the major generator and supplier of electricity consumed in the province. BC Transmission Corporation, a Crown corporation, operates the province's publicly owned electrical transmission system. Independent power producers located in British Columbia may sell to BC Hydro, or BC Hydro's power marketer subsidiary, Powerex Corp., or to FortisBC (the only other transmission system owner in BC), or access the transmission systems to sell their generation outside the province.

New York. The New York Independent System Operator ("**NYISO**") operates the wholesale power, capacity and ancillary markets. In addition, the NYISO administers the FERC approved transmission tariff and the associated market rules, utilizing a bid process for electricity and transmission usage and enabling New York's utilities and other market participants such as Brookfield Renewable to offer electricity at market-based rates, rather than at regulated rates. The market consists of a day-ahead market and a real-time market. The NYISO also operates an installed capacity market, holding semi-annual auctions. Through this market, generators are essentially paid an availability payment for having capacity available to the NYISO system for dispatch. The NYISO wholesale market uses location-based marginal pricing, which reflects the value of energy at the specific location and time the energy is delivered.

New England. The Independent System Operator – New England ("**ISO-NE**") is responsible for the day-to-day operation of New England's bulk power generation and transmission system, oversight and fair administration of the region's wholesale electricity markets, administration of the FERC approved transmission tariff and management of a comprehensive regional bulk power system planning process. The market consists of a day-ahead market and a real-time market using location-based marginal pricing. As well, the ISO-NE also holds annual auctions for installed capacity. The ISO-NE capacity and ancillary markets have evolved into location-based markets. The first forward capacity market commenced in February 2008 for delivery in June 2010.

PJM. The PJM Interconnection **(**"**PJM**") administers the electricity market for approximately 51 million customers in all or parts of thirteen mid-Atlantic states plus the District of Columbia. It is the world's largest wholesale electricity market. As with other markets in the United States, PJM operates energy, capacity and ancillary products markets. Similar to NYISO and ISO-NE, the PJM energy market uses location-based marginal pricing, which reflects the value of energy at the specific location and time the energy is delivered. The market consists of a day-ahead market and a real time market. PJM is also responsible for administering the FERC approved transmission tariff.

Midwest ISO. The Midwest Independent System Operator ("**Midwest ISO**") supports the constant availability of electricity in fifteen U.S. states and in the Province of Manitoba. For the U.S. states, Midwest ISO operates an ancillary services market in addition to its wholesale power market. Midwest ISO also administers the FERC approved transmission tariff.

Brazilian Market

During the 1990s, the Government of Brazil began restructuring the electricity industry in order to open it up to private investment and introduce competition. Until that point, the Brazilian electricity sector was mostly owned by the federal and state governments. As part of the restructuring process, the electricity sector was vertically unbundled, which largely separated ownership of generation, transmission, and distribution assets, and implemented non-discriminatory access to the grid. In addition, some of the electricity sector was also privatized. Privatization was most extensive in electricity distribution where 78% of consumption is served by private sector entities. This process was more limited in generation, where only 15% of electricity generation comes from the private sector.

The electricity market in Brazil is now segmented into a regulated market (for regulated consumers) and a free market (for "free" (i.e., deregulated) and special consumers). All regulated consumers, including those with load of less than 0.5 MW, can only purchase energy from the energy distribution company applicable to its physical location. Those consumers have energy tariffs regulated annually by ANEEL according to the rules of tariff readjustment and revision. Deregulated or free consumers (generally those with load higher than 3 MW) can choose their energy supplier and the energy tariff is the result of a bilateral negotiation between the consumer and the respective supplier. "Special" consumers whose load is above 0.5 MW and lower than 3 MW can choose to contract energy directly with an "alternative" energy producer. This includes energy from small hydroelectric power plants, wind and biomass.

Local distribution companies buy their energy supply needs through government regulated auctions. The system of regulated auctions was introduced in 2004. Existing and new plants participate in separate auctions.

PPAs for free and special consumers are typically less than 10 years, while PPAs obtained through regulated auction are typically for 20-30 years. All PPAs are protected against inflation.

In Brazil the government reviews the long-term average generation of hydroelectric power plants in order to regulate the amount of energy a plant is permitted to sell. Any excess energy above this must be sold into an Energy Reallocation Mechanism, which acts as a a government-regulated "hydrology risk pool". The amount of energy each plant is permitted to sell is based on studies conducted by the National System Operator ("**ONS**") and is established by the Mining and Energy Ministry. The system is centrally dispatched by ONS to maximize the use of the water by the system as well as minimize short-term marginal costs of production. A certificate from ANEEL is received for each plant which governs the amount of energy that can be sold by a plant (Assured Energy Certificate). Any generation above or below this is governed by the Energy Reallocation Mechanism and the impact on revenues would be negligible.

Power Marketing and Sales

Brookfield Renewable's power marketing and sales groups are responsible for selling all energy-related products, capacity, ancillary services, green attributes and RECs which are generated by Brookfield Renewable's assets in North America and Brazil. They are also responsible for optimizing the value of those assets in accordance with our risk management policy and our operating strategy. This strategy aims to achieve the following objectives:

- optimize Brookfield Renewable's water and revenue management;
- enter into long-term contracts to stabilize cash flows and lock in attractive returns;
- deliver power produced by Brookfield Renewable and not otherwise sold under a long-term contract to the various wholesale electricity markets; and
- reduce revenue volatility by entering into short-term financial contracts.

Sales Under Contracts

In 2009, the Company entered into the OPA Contract and the LIPA II Contract, which increased the amount of Brookfield Renewable's generation currently under long-term contract from approximately 50% to approximately 70%, reducing its reliance on shorter-term financial contracts. Long-term PPAs provide a steady and predictable revenue stream for the Company. Brookfield Renewable's PPAs in North America are typically with public utilities, governments and distribution companies with investment grade credit ratings, or with commercial or industrial power users which have long standing credit histories. In Brazil, Brookfield Renewable sells all of its generation under bilateral sales contracts of 20-30 year PPAs with creditworthy privately and publicly-owned utilities or 3-8 year PPAs with industrial and other large end users.

In North America, the Company's long-term PPAs generally do not provide for fixed or minimum volume commitments. As a result, Brookfield Renewable has limited risk of having to buy power from the market to supply its customers when it is experiencing low water conditions. Brookfield Renewable's contract structure in Brazil obligates it to deliver a minimum quantity of electricity based on Assured Energy Certificates for each facility. In order to mitigate delivery risk, Brookfield Renewable participates in the Energy Reallocation Mechanism, the government-regulated hydrology risk pool.

While Brookfield Renewable does not view that it is dependent upon any one particular PPA, with more than two-thirds of the Company's generation output sold under long-term PPAs, it could be viewed that Brookfield Renewable is economically dependent on all of our PPAs in the aggregate.

Sales to North American Wholesale Markets

In North America, all power produced by Brookfield Renewable and not otherwise sold under a PPA is delivered to the various wholesale electricity markets. Due to the low variable cost of hydroelectric power and the ability to concentrate generation during peak pricing periods, Brookfield Renewable is able to generate higher margins than other generators that have a higher cost structure due to fuel costs. By consistently monitoring the wholesale power markets in which it operates, Brookfield Renewable seeks to take advantage of our water storage capabilities and operating flexibility in order to shift production from lower-priced periods to capture higher prices by responding quickly to changes in electricity demand or supply.

Canadian Operations

In Canada, Brookfield Renewable owns or has interests in 32 hydro facilities on 18 river systems totaling 1,324 MW of generating capacity which produces on average over 5,075 GWh of electricity per

year. In addition, Prince Wind, one of the largest wind farms in Canada has a total capacity of 189 MW and generates on average 506 GWh annually. The Canadian Operations of the Company are located in the three most populous provinces – Ontario, Québec and British Columbia. Our generating assets in Canada have access to neighbouring competitive markets in Canada and the United States.

Conventional Hydro Operations

In addition to installed capacity, most of Brookfield Renewable's Canadian assets have large water storage reservoirs which collectively can store approximately 1,261 GWh, or approximately 25% of our Canadian annual long-term average generation. These storage reservoirs are geographically diversified across the provinces of Ontario, Québec and British Columbia. All Canadian hydroelectric facilities can be operated from a centralized control centre.

Ontario

Brookfield Renewable's Ontario assets consist of the Wawa Hydro facilities, Sault Hydro facilities and Mississagi facilities. They have an aggregate installed capacity of 897 MW. The Ontario Operations of the Company generate approximately 2,603 GWh of electricity per year, and have approximately 519 GWh of storage to draw from. Approximately 17% of the Company's long-term average electricity production is generated from assets located in Ontario. The Ontario assets were built between 1916 and 2003. Older stations have been upgraded to meet industry required standards.

The Company entered into the OPA Contract to sell to the OPA all of the output from sixteen of our Ontario hydro facilities which was not otherwise being sold pursuant to long-term PPAs. Deliveries under the OPA Contract began December 1, 2009. The OPA Contract expires in 2029.

Wawa Hydro. Wawa Hydro is located near Wawa in northern Ontario and includes ten generating stations located on five river systems – Magpie, Michipicoten, Seine, Groundhog and Nagagami. All of these facilities, with the exception of the Shekak facility, are owned indirectly through the Company's investment in the Fund. The Valerie Falls facility is party to a PPA with Ontario Electricity Financial Corporation ("**OEFC**") expiring in 2044. All power produced by the Carmichael Falls facility and the Shekak facility is sold to OEFC under two PPAs expiring in 2042 and 2046, respectively. Power produced by the remaining Wawa Hydro facilities is sold pursuant to the OPA Contract.

Sault Hydro. Sault Hydro, located near Sault Ste. Marie, Ontario, is held by the Company through its interest in the Fund. Sault Hydro is made up of five generating stations located on the St. Mary's River and the Montreal River. All power produced by Sault Hydro is sold pursuant to the OPA Contract.

Mississagi Power. Mississagi Power is located near Thessalon in northern Ontario and includes six generating stations on three river systems – Mississagi, Serpent and Aux Sables. Four of these stations on the Mississagi River are owned by the Fund. All power produced by these generating facilities is sold pursuant to the OPA Contract. Power generated from the remaining two facilities located on the Serpent River and Aux Sables River are sold under two PPAs with the OEFC expiring in 2039 and 2041, respectively.

Québec

Brookfield Renewable's Québec assets are held through the Company's interest in the Fund and consist of six generating stations on three river systems. The Lièvre facilities are located on the Lièvre River, and the Pontiac facilities are located on the Noire and Coulonge Rivers. Combined, they have an aggregate installed capacity of 291 MW and generate approximately 1,713 GWh of electricity per year. The Québec Operations have storage capacity to generate 584 GWh of electricity annually. Approximately 11% of the Company's long-term average electricity production is generated from assets located in Québec. The oldest station, Waltham, is a run-of-the-river facility originally constructed for

power generation in 1906. This station has been completely overhauled to meet industry standards. Rapides de Cèdres, the newest station, was built by Brookfield Renewable in 2005.

Lièvre Power. Lièvre Power has interconnections with the Québec and Ontario power grids. Power from the Rapides de Cèdres facility is sold to Hydro-Québec under a PPA which expires in 2030. The remaining energy produced by Lièvre Power is sold under short-term contract or into various interconnected wholesale markets.

Pontiac Power. Pontiac Power consists of the Coulonge and Waltham generating stations. Pontiac Power has entered into two PPAs with Hydro-Québec expiring in 2019 and 2020, respectively, for the sale of all power produced by these facilities.

British Columbia

Brookfield Renewable's British Columbia assets consist of Pingston Creek, Powell River facilities ("**PREI**") and the Valemount facilities. Combined, they have an aggregate installed capacity of 136 MW. The British Columbia segment of the Company generates approximately 761 GWh of electricity per year and has a combined storage capacity of 158 GWh. Approximately 5% of the Company's long-term average electricity production is generated from assets located in British Columbia.

Pingston Creek. Pingston Creek is a joint venture between the Fund and Canadian Hydro Developers, Inc. Commissioned in 2003, Pingston Creek is a run-of-the-river facility located near the Town of Revelstoke, British Columbia. All power produced by the facility is sold under a PPA to BC Hydro expiring in 2023.

PREI. PREI has two hydroelectric generating stations – Powell River built in 1910, and Lois Lake built in 1931. PREI is owned 49.9% by the Fund and 50.1% by Catalyst Paper Corporation ("**Catalyst**"). All electricity generated by PREI is sold either to Catalyst pursuant to a PPA expiring in 2011 or to a subsidiary of PREI under a PPA expiring in 2051.

Valemount. The Valemount facilities consist of the Hystad station near Valemount, and the East Twin station near McBride, both in northern British Columbia. All the power generated by the facilities is sold under two PPAs with BC Hydro expiring in 2031 and 2042, respectively.

Wind Operations

Prince Wind is located near Sault Ste. Marie in northern Ontario. Prince Wind has an installed capacity of 189 MW and extends over nearly 20,000 acres of land, making it one of the largest wind farms in Canada. It comprises 126 wind turbines and can produce on average approximately 506 GWh of electricity annually. All power generated by Prince Wind is sold pursuant to two long-term PPAs with the OPA expiring in 2026 and 2028. Prince Wind is now held by the Company through its interest in the Fund.

Thermal Operations

Brookfield Renewable owns a gas fired thermal plant in northern Ontario. Lake Superior Power has an installed capacity of 110 MW and long term average annual generation of 372 GWh. All power generated by Lake Superior Power is sold pursuant to a PPA with the OEFC expiring in 2014.

U.S. Operations

Brookfield Renewable owns or has interests in 99 hydroelectric facilities (including hydroelectric pumped storage) on 24 river systems totaling 1,900 MW of generating capacity. These facilities generate on average 6,457 GWh of electricity annually and have storage reservoirs that collectively can store approximately 2,142 GWh, or 33% of our United States annual long-term average production.

Conventional Hydro Operations

New York Operations

Brookfield Renewable's New York Operations are divided into two regions – New York West and New York East. They have a combined aggregate installed capacity of 711 MW and generate approximately 3,070 GWh of electricity per year, with additional storage capacity of 541 GWh. Approximately 20% of the Company's long-term average generation is associated with its New York Operations.

New York West. The New York West Operations have 48 hydroelectric generating facilities located on eight river systems - Oswegatchie, Raquette (West), Salmon (North), Beaver and Black, Oswego, Saranac, St. Regis, and Oak Orchard Creek. All power produced by the New York West Operations is sold into the NYISO administered market, with the exception of the power produced by the Hewittville and Unionville generating units. These stations, located on the Raquette River, sell their power to an industrial customer under a PPA expiring in 2018.

New York East. The New York East Operations consist of 27 hydroelectric generating facilities located on eight river systems – Upper Hudson, West Delaware, Fish Creek, Hoosic, Mohawk, Raquette (East), Salmon (South) and West Canada Creek. All power produced by the New York East facilities, except the Glens Falls facility, is sold into the NYISO administered market. Power produced by Glens Falls is sold to a paper mill under a PPA expiring in 2017.

New England Operations

Brookfield Renewable's New England Operations (excluding hydroelectric pumped storage) consist of the Great Lakes Hydro America ("**GLHA**") facilities, the Rumford Falls facilities, and the Fife Brook run-of-the-river facility. Combined, they have an aggregate installed capacity of 225 MW. The New England Operations generate approximately 1,357 GWh of electricity per year, and have over 500 GWh of storage to draw from. Approximately 9% of Brookfield Renewable's long-term average electricity production is generated from assets located in New England.

GLHA. The GLHA facilities are held through the Fund and include the Errol, Pontook and Brassua generating stations which are leased. GLHA has in total fifteen hydroelectric facilities containing 57 generating units. Six of the facilities are located on the Penobscott River in Northern Maine. All power produced from these facilities is sold to an affiliated paper mill under a PPA expiring in 2012. The Brassua facility, located on the Moose River in Maine, sells its generation into the ISO-NE administered market. The Brassua facility is leased under an agreement expiring in 2012. The remaining eight of the GLHA facilities are located on the Androscoggin River in New Hampshire. A portion of the power produced by six of these facilities is sold to an affiliated paper mill under a PPA expiring in 2012. The remaining energy, plus the power produced by the Pontook facility, is sold into the ISO-NE administered market. All power produced by the Errol facility is sold to the Public Service of New Hampshire under a PPA which expires in 2023. The lease for the Errol facility also expires in 2023 and the lease for the Pontook facility expires in 2032.

Rumford Falls. The Rumford Falls facilities are located on the Androscoggin River in Maine. All power produced by these facilities is sold into the ISO-NE administered market.

Bear Swamp. The Fife Brook facility is located on the Deerfield River in western Massachusetts and is owned as a 50/50 joint venture between the Company and Emera Inc. (along with the Jack Cockwell hydroelectric pumped storage facility discussed below). Power generated from Fife Brook is sold into the ISO-NE administered market.

PJM Operations

The PJM Operations of Brookfield Renewable consist of the Hawks Nest facility in West Virginia, the Piney facility in Pennsylvania and the Deep Creek facility in Maryland. Combined, they have a total installed capacity of 155 MW and generate 637 GWh annually. Approximately 4% of the Company's long-term average electricity production is generated from assets located in the PJM market.

Hawks Nest. The Hawks Nest facility is located on the New River in West Virginia. All power produced by the Hawks Nest facility is sold to an industrial customer under a PPA expiring in 2021.

Piney and Deep Creek. The Piney facility is located on the Clarion River in Pennsylvania and the Deep Creek facility is located on the Youghiogheny River in Maryland. All power produced by the Piney and Deep Creek facilities is sold into the PJM administered market.

Louisiana Operations

The Louisiana Operations comprise one hydroelectric generating station on a diversion of the Mississippi River near the Town of Vidalia, Louisiana. Brookfield Renewable holds a 75% residual economic non-voting interest in the facility. The hydroelectric generating station has an installed capacity of 192 MW, making it one of the largest run-of-the-river stations in the world. Approximately 6% of the Company's long-term average electricity production is generated from assets located in Louisiana. Louisiana Hydro has entered into an agreement with the U.S. Army Corps of Engineers providing for the flow of water required for the facility and which expires in 2031. Substantially all of the power produced by the facility is sold under a PPA expiring in 2031 to an investor-owned public utility. The remaining power is sold directly to the Town of Vidalia pursuant to a PPA also expiring in 2031.

Minnesota Operations

The Twin Cities facility is located on the Upper Mississippi River in Minnesota and has an installed capacity of 18 MW, with an annual long term average generation of 107 GWh. Less than 1% of the Company's long-term average electricity production comes from the Minnesota Operations. All power generated by Twin Cities is sold into the Midwest ISO administered market.

Hydroelectric Pumped Storage Operations

Brookfield Renewable owns a 50% joint venture interest in the 600 MW Jack Cockwell hydroelectric pumped storage facility in western Massachusetts (also known as Bear Swamp). This pumped storage facility is one of only three such facilities not owned by regulated utilities in North America. Bear Swamp has entered into the LIPA I Contract expiring in 2021 for approximately 50% of the output for this facility. The remainder of the energy produced by this facility is sold into the ISO-NE administered market.

Thermal Operations

Brookfield Renewable owns a gas fired thermal plant in upstate New York. The Carr Street generating station has an installed capacity of 105 MW. Energy from this facility is sold into the NYISO administered market.

Brazil Operations

Our Brazil Operations include 33 facilities on 21 river systems totaling approximately 570 MW of installed capacity. These facilities generate on average over 3,100 GWh of electricity annually. Substantially all of the facilities in our Brazilian portfolio benefit from the Energy Reallocation Mechanism.

Brookfield Renewable's facilities in Brazil are interconnected to the national power grid, pursuant to long-term interconnection agreements and can be operated remotely from our control centre in Brazil. All power generated at our facilities in Brazil are sold through mid to long-term PPAs with governments, utilities, commercial or industrial users.

Conventional Hydro Operations

Our Brazilian Operations are divided into three regions – south, southeast and midwest.

South Region

Our operations in the south region of Brazil consist of six hydro stations on four river systems – Pedrinho, Carreiro, Mourão and Antas. The south region facilities have a combined installed capacity of 123 MW and produce on average 673 GWh of electricity annually. Angelina, currently in the commissioning stage on the Garcia River, will become part of the South Region Operations and is expected to produce on average approximately 131 GWh annually.

Southeast Region

Brookfield Renewable's facilities in the southeast region of Brazil consist of 20 hydro stations located on 11 rivers – Manhuaçu, Pinho, Bagres, Sem Peixe, Jequitibá, Bonsucesso, Muriaé, Matipó, Novo, Glória and Pomba. Combined, our southeast operations have an installed capacity of 201 MW and can produce on average 959 GWh annually. The southeast operations include our recently constructed hydro facility, Barra do Brauna, located on the Pomba River.

Midwest Region

The Company's operations in the Midwest region in Brazil have seven hydro stations, including the Itiquira generating station. The Midwest Operations have an aggregate installed capacity of 246 MW and can produce on average 1,513 GWh of electricity annually. The Midwest Operations are located on six river systems – Piranhas, Jauru, Pirancanjuba, Corgäo, Coxim and Itiquira.

Development and Construction

Brookfield Renewable has 781 MW of hydroelectric or wind projects in construction or at an advanced stage of development. The Company's development pipeline consists largely of conventional hydroelectric and wind projects located in North America and Brazil. The Company continues to seek additional opportunities in hydroelectric pumped storage as well.

Competitive Strengths

Brookfield Renewable benefits from the following competitive strengths:

Optimize Current Portfolio

We have a high-quality portfolio and we will continue to seek ways to extract value from our current assets by improving overall plant performance. Our existing operating assets allow us to leverage the current operating platform and benefit from economies of scale through centrally managed, but locally operated, assets. One of Brookfield Renewable's key objectives is to endeavour to generate stable cash flows over the long term. The core of our power marketing philosophy is to seek to generate strong returns from our portfolio while preserving our ability to capture higher margins. As a result, we seek stable cash flows by selling a significant portion of our electricity generation into the forward market, or through long-term PPAs, while retaining some value through our peaking capabilities.

Reliability

As part of our overall strategy, we invest in our assets based on a 20-year capital maintenance program designed to sustain the value and useful lives of our assets. The equipment involved in producing hydroelectric and wind power has relatively few moving parts. Since the process does not include combusting fossil fuels at high temperatures or creating steam, there is minimal wear and tear on the machinery, which contributes to long asset lives, high reliability and low maintenance requirements. The Company's unplanned outage rates for hydroelectric units are among the lowest in the electricity industry and the number of wind turbines composing a wind farm significantly reduce the risk of outages.

Pursue Growth Opportunities

We have a proven track record of successfully acquiring and integrating hydroelectric facilities. Since 2002, Brookfield Renewable has acquired approximately 2,600 MW of hydroelectric generation capacity in more than 20 transactions with a total value of $2.7 billion. We will continue to pursue, on an opportunistic basis, acquisitions that will enhance our renewable power asset mix and overall competitive position. Our acquisitions over the past few years have allowed us to expand our operations into several new geographic regions, allowing us to diversify our watersheds and power markets.

Low Environmental Impact

Hydroelectric generation produces virtually no greenhouse gas emissions or acid rain, both of which have major impacts on the environment. It also minimizes thermal, chemical, radioactive, water and air pollution as compared to fossil-fuel and nuclear facilities. Instead of producing substantial amounts of residual wastes during the power generation process, hydroelectric generation simply returns the water to the river. Wind power generation also has a low environmental impact. Brookfield Renewable has 22 hydroelectric facilities in British Columbia, Ontario, Quebec and Louisiana that meet the strict standards of the Ecologo^{M} Program, which is North America's largest, most respected environmental standard and certification mark. In addition, 43 hydro facilities owned by Brookfield Renewable in New York State have certification with the Low Impact Hydropower Institute, a non-profit organization dedicated to reducing the impacts of hydropower generation through the certification of hydropower projects that have avoided or reduced their environmental impacts.

Invest in Renewable Energy

We believe that investing in renewable energy will provide long-term sustainable value for our shareholder. With the ever-increasing demand for green energy and concerns for the environment, renewable energy will be the preferred choice of consumers and will provide us with a competitive advantage over time. The future regulatory regime with respect to greenhouse gas emissions will likely provide future benefits and added value to our portfolio given its renewable nature and green attributes.

Affiliation with Brookfield

As a wholly-owned subsidiary of Brookfield, we benefit from the financial strength and managerial expertise of our parent. Brookfield considers power generation to be one of its core business segments and is committed to the continued success and growth of our operations.

Leverage our Management Expertise

Our management team has substantial experience and has a positive track record of successfully growing both our asset base and cash flows. We have significant experience in all of our core business practices including asset management, energy marketing and sales, risk management, construction management, acquisitions, due diligence and project development. In each of these areas, we have well-established processes and procedures along with defined policies that allow us to continuously adhere to our basic investment principles and seek out continuous value creation.

Energy Marketing Expertise and Risk Management

Our centralized power marketing and sales groups in North America and Brazil seek to optimize and enhance returns from our existing generation assets while employing strategies to limit transaction risks. These groups also provide valuable market intelligence regarding pricing dynamics, regulatory regimes and market participants, which serves to support our growth strategy. We use risk management strategies to attempt to protect the organization from exposure to undue risk. More specifically, we monitor key indicators such as hydrology, plant availability, price risk, counterparty risk, as well as regulatory and political risks.

Interconnected Markets

A significant portion of our power generating facilities are located in the northeastern United States and Canada. The electricity markets of the NYISO, ISO-NE and PJM in the U.S.; and the IESO and Québec in Canada are all interconnected, allowing power generated in one of these markets to be sold into any of the other markets. Having generation assets in all of these regions allows us to capture pricing opportunities that exist between markets and optimize the value of our portfolio. It also allows us flexibility in serving our customers.

Storage Capacity

We have the equivalent of more than 3,400 GWh of storage capacity in Canada and the United States or approximately 28% of our long-term average annual generation. This level of storage capacity provides us with the ability to minimize water spillage. Contrary to most run-of-the-river facilities, we have the ability to store excess water, allowing us to generate electricity when market prices are more favourable. The storage capabilities of our operating assets allow us to better manage water resources and seek to capture higher prices.

Strong Competitive Position

We are one of the lowest cost generators of electricity in North America, providing us with a unique advantage in bid-based markets where the hourly price of electricity is a function of instantaneous supply and demand that favours low-cost producers. With virtually no fuel costs and minimal overhead and maintenance costs, our assets are competitively positioned relative to other types of generation supply.

Geographic Diversity

Our electricity generating assets are located in nine distinct power markets, reducing the impact of individual market or regulatory risk. The regional diversity of our hydroelectric plants, located on 63 different river systems, materially mitigates our overall hydrology risk.

Financial Strength and Attractive Debt Maturity Profile

We have investment grade issuer ratings from Standard & Poor's ("**S&P**"), Dominion Bond Rating Service ("**DBRS**"), and Fitch Ratings ("**Fitch**"). We pursue a conservative approach to our capitalization, maintaining a prudent level of low-cost limited recourse project financing and modest levels of corporate debt. The long-life nature of our assets allows us to finance these assets with long-term limited recourse debt, with minimal near-term maturities.

CORPORATE POLICIES

Code of Business Conduct and Ethics

Brookfield Renewable promotes the highest ethical business conduct. The Company has adopted a Code of Business Conduct and Ethics (the "**Code**"), a copy of which can be found on SEDAR at www.sedar.com. The Code provides guidelines to ensure that all employees and directors of the Company respect its commitment to conduct business relationships with respect, openness and integrity. Brookfield Renewable provides instruction to our employees on the Code from time to time. A hotline has been set-up for employees to report activities which they feel are not consistent with the spirit and intent of the Code. No waivers to the Code have been granted to date. Monitoring of calls is managed by an independent third party called The Network.

Risk Management

Brookfield Renewable's risk management policy outlines transaction authorization limits, approved products and transaction types and other risk mitigating parameters that must be followed by the Company's centralized power marketing and sales teams when selling the output from Brookfield Renewable's generating assets. In addition to providing clear guidance regarding transaction approval limits and authorizations, the policy requires appropriate segregation of duties, transaction recording and ongoing risk reporting and monitoring. The limits and authorizations outlined in our risk management policy have been approved by the Board of Directors of the Company.

Health, Safety and the Environment

Brookfield Renewable has adopted a Health and Safety Policy and an Environmental Policy requiring all employees, contractors, agents and others involved in its operations to comply with established safety, health and environmental practices. Brookfield Renewable's subsidiaries provide suitable training to achieve the desired compliance.

Brookfield Renewable strives to achieve excellence in safety performance and to be recognized as an industry leader in accident prevention. Brookfield Renewable recognizes and is committed to the following health and safety principles:

- Accountability and responsibility for safety performance extends from the directors through to the executives, managers, supervisors and workers;
- Active participation of leadership in the management of health and safety;
- A primary focus on the elimination and control of high risk hazards for employees, contractors, visitors and the population potentially affected by Brookfield Renewable's operations;
- The right and the responsibility of every employee to contribute to safe work performance; and
- Prevention through the proactive application of a comprehensive safe work management system.

Brookfield Renewable's overall objective is to incur zero high risk safety incidents and zero lost time injuries.

Public safety is of primary concern. Brookfield Renewable endeavours to keep the lands and waterways used in its operations safe for the general public. Inspections and independent evaluations of

Brookfield Renewable's dams and other hydroelectric structures are periodically conducted, and repairs and upgrades are made to any elements or design features as may be required from time to time. Brookfield Renewable takes initiatives to educate the general public of the dangers of using land and waterways for recreational purposes that are located near hydroelectric generating facilities.

Brookfield Renewable's environmental principles are based on the fundamental values of accountability, partnership and open communication. Brookfield Renewable accepts the responsibility entrusted to it to manage natural resources in ways that ensure sustainable development. Brookfield Renewable's approach protects and enhances the ecosystems and communities affected by its activities. It recognizes and is committed to the following environmental principles:

- Meet legislative requirements and strive to achieve a level of performance not only governed by these requirements but also by consideration of the socio-economic and environmental expectations of stakeholders;
- Engage in open and transparent dialogue with stakeholders to achieve a greater understanding of expectations and constraints;
- Promote a partnership approach for the development of responsible and realistic solutions;
- Understand, minimize and manage the impacts and risks to the public and the environment associated with operations and plan for emergency situations;
- Integrate environmental, public and socio-economic considerations into business processes;
- Ensure efficient and responsible use of natural resources in our operations and activities;
- Exercise leadership by encouraging and training employees at all levels to ensure environmental stewardship and public safety;
- Ensure that performance demonstrates a leadership position; and
- Put in place environmental management systems that support this policy and ensure continual improvement.

Brookfield Renewable pursues the environmentally responsible management of its assets. Developments undertaken by Brookfield Renewable have all obtained their required environmental authorizations from the appropriate regulatory authorities. Expenditures on environmental compliance are minimal due to the nature of the assets held and are included in Brookfield Renewable's ongoing capital expenditure plan.

RISK FACTORS

Brookfield Renewable is subject to varying degrees of risk inherent in the ownership and operation of power generating facilities. The risks and uncertainties below represent the risks that we believe are material. If any of the events discussed below actually occur, the Company's assets, liabilities, business, financial condition and results of operations could be adversely affected. Other factors not presently known to the Company or that we presently believe are not material could also affect the future business and operations of Brookfield Renewable.

Risks Relating to the Business of Brookfield Renewable

Changes in Hydrology and Wind Conditions

The revenues generated by Brookfield Renewable's facilities are directly correlated to the amount of electricity generated which in turn is dependent upon available water flows and wind conditions. Hydrology and wind conditions have natural variation from year to year and from season to season and may also change permanently because of climate change or other factors. A natural disaster could also impact water flows within the watersheds in which Brookfield Renewable operates. Water rights are also generally owned or controlled by governments that reserve the right to control water levels or may impose water-use requirements as a condition of license renewal. Wind energy is highly dependent on weather conditions, and, in particular, on wind conditions. The profitability of a wind farm depends not only on observed wind conditions at the site, which are inherently variable, but also on whether observed wind conditions are consistent with assumptions made during the project development phase. A sustained decline in water flows at Brookfield Renewable's hydroelectric stations or wind conditions at Brookfield Renewable's wind energy facilities could lead to a material adverse change in the volume of electricity generated and revenues and cash flows.

Energy Price Fluctuations

A portion of Brookfield Renewable's revenues are tied, either directly or indirectly, to the wholesale market price for electricity in the markets in which Brookfield Renewable operates. Wholesale market electricity prices are impacted by a number of factors including: the price of fuel (for example, natural gas) that is used to generate other sources of electricity; the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including potentially the cost of carbon; the structure of the market; and weather conditions that impact electrical load. As a result, Brookfield Renewable cannot accurately predict future electricity prices and electricity price volatility could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Management of Energy Marketing and Sales

Brookfield Renewable enters into physical and financial contracts designed to optimize revenues on a portfolio basis and minimize the impact of price volatility. From time-to-time Brookfield Renewable may take advantage of very short-term arbitrage opportunities when hourly prices diverge between interconnected markets in its area of operation. There is a transaction risk associated with these activities that could result in losses in certain circumstances. Brookfield Renewable is also exposed to losses in the event of the non-performance by counterparties to financial instruments and physical electricity and natural gas trades. This could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Equipment Failure

Brookfield Renewable's generation assets may not continue to perform as they have in the past and there is a risk of equipment failure due to wear and tear, latent defect, design error or operator error, among other things, which could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Performance of Counterparties and Contract Expiry

A significant portion of the power Brookfield Renewable generates is sold under long-term PPAs. If for any reason any of the purchasers of power under such PPAs are unable or unwilling to fulfill their contractual obligations under the relevant PPA or if they refuse to accept delivery of power pursuant to the relevant PPA, Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow could be materially and adversely affected as Brookfield Renewable may not be able to replace the agreement with an agreement on equivalent terms and conditions. Also, an economic

downturn could impair the ability of some end use customers to pay for electricity received. Certain of Brookfield Renewable's PPAs provide for terms that are above market and as such PPAs expire in the normal course, the Company may not be able to replace the PPA with an agreement on equivalent terms and conditions.

Industry Risk

Brookfield Renewable operates in the North American and Brazilian power markets, which are affected by competition, supply of and demand for power, the location of import/export transmission lines, and overall economic conditions. A general and extended decline in the North American or Brazilian economy or sustained conservation efforts to reduce electricity consumption could have the effect of reducing demand for electric energy over time, which did occur during the recent recession.

Availability of Transmission Systems

Brookfield Renewable's ability to sell electricity is impacted by the availability of the various transmission systems in jurisdictions that it operates in. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on Brookfield Renewable's ability to deliver electricity to its various counterparties or markets, the price Brookfield Renewable may pay for transmission of its electricity or the price Brookfield Renewable realizes for the sale of its electricity. It also may affect Brookfield Renewable's ability to build new facilities in locations with transmission constraints. Each of these could materially and adversely affect Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Water Rental Costs

Brookfield Renewable is required to make rental payments and pay property taxes for water rights or pay similar fees for use of water once its hydroelectric projects are in commercial operation. Significant increases in water rental costs or similar fees in the future or changes in the way that governments regulate water supply could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Foreign Exchange

The price paid for energy produced by Brookfield Renewable's operations, a portion of its outstanding indebtedness as well as certain major equipment supply contracts are denominated in the local currencies which in some cases are other than U.S. dollars and, therefore, results may be affected by the fluctuations in exchange rates over time. A material decrease in the value of the local currency against the U.S. dollar may negatively impact Brookfield Renewable's operating cash flow. Brookfield Renewable may manage the risk associated with foreign exchange rate fluctuations by, from time to time, entering into forward foreign exchange contracts and engaging in other hedging strategies. To the extent that Brookfield Renewable engages in risk management activities related to foreign exchange rates, Brookfield Renewable will be subject to credit risks associated with the counterparties that it contracts with. Defaults by counterparties to these contracts may have a material adverse effect on Brookfield Renewable's results of operations.

Regulatory Regime

The operation of Brookfield Renewable's generation assets is subject to extensive regulation by various government agencies at the municipal, provincial, state and federal level. As legal requirements frequently change and are subject to interpretation and discretion, Brookfield Renewable is unable to predict the ultimate cost of compliance with these requirements or their effect on its operations. Any new law or regulation could require additional expenditure to achieve or maintain compliance. Also, operations that are not currently regulated may become subject to regulation which could result in additional cost to Brookfield Renewable's business. Further, changes in wholesale market structures or rules could have a material adverse effect on Brookfield Renewable's ability to generate revenues from its facilities.

Governmental Permits

Brookfield Renewable's operations are required to comply with numerous domestic and foreign federal, regional, state and local statutory and regulatory standards and to maintain numerous licenses, permits and governmental approvals required for construction and operation. Some of the licenses, permits and governmental approvals that have been issued to Brookfield Renewable's operations contain conditions and restrictions, or may have limited terms. If Brookfield Renewable fails to satisfy the conditions or comply with the restrictions imposed by its licenses, permits and governmental approvals, or the restrictions imposed by any statutory or regulatory requirements, it may become subject to regulatory enforcement action and operations could be adversely affected or be subject to fines, penalties or additional costs. In addition, Brookfield Renewable may not be able to renew, maintain or obtain all necessary licenses, permits and governmental approvals required for the continued operation or further development of its projects, as a result of which the operation or development of Brookfield Renewable's projects may be limited or suspended. Brookfield Renewable's failure to renew, maintain or obtain all necessary licenses, permits or governmental approvals may have a material adverse effect on its assets, liabilities, business, financial condition, results of operations and cash flow.

Force Majeure

Brookfield Renewable's operations are exposed to potential damage, including partial or full loss, resulting from disasters (e.g., floods, high winds, fires and earthquakes) and the like. The occurrence of a significant event that disrupts the ability of Brookfield Renewable's generation assets to produce or sell power for an extended period, including events which preclude existing customers from purchasing electricity, could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow. Brookfield Renewable's generation assets could be exposed to effects of severe weather conditions, natural disasters and potentially catastrophic events such as a major accident or incident at Brookfield Renewable's generation assets. An assault or an action of malicious destruction, sabotage or terrorism committed on Brookfield Renewable's generation assets could also disrupt its ability to generate or sell power. In certain cases, there is the potential that some events may not excuse Brookfield Renewable from performing its obligations pursuant to agreements with third parties. Brookfield Renewable may be liable for damages or suffer further losses as a result. In addition, many of its generation assets are located in remote areas which makes access for repair of damage difficult.

Dam Safety

The occurrence of dam failures at any of Brookfield Renewable's hydroelectric generating stations or the occurrence of dam failures at other generating stations or dams operated by third parties whether upstream or downstream of Brookfield Renewable's hydroelectric generating stations could result in a loss of generating capacity and repairing such failures could require Brookfield Renewable to expend significant amounts of capital and other resources. Such failures could result in Brookfield Renewable being exposed to significant liability for damages. Brookfield Renewable also relies on third parties for the maintenance of a small number of the dams on which its generating stations are located. The failure of such third parties to adequately maintain such dams could also result in dam failures.

Insurance Limits

While Brookfield Renewable maintains insurance coverage, such insurance may not continue to be offered on an economically feasible basis and may not cover all events that could give rise to a loss or claim involving Brookfield Renewable's assets or operations. If Brookfield Renewable's insurance coverage is not adequate and it is forced to bear such losses or claims, its financial position could be materially and adversely affected.

Health, Safety and Environmental Risks

The ownership and operation of Brookfield Renewable's generation assets carry an inherent risk of liability related to public safety and worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws and potential civil liability. Cost of compliance with health, safety and environmental laws (and any future laws or amendments enacted) are material to Brookfield Renewable's business, and may increase. Brookfield Renewable has incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage its potential liability exposure. Brookfield Renewable may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters as a result of which its operations may be limited or suspended. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws could have a material and adverse impact on operations and result in additional material expenditures. Additional environmental and workers' health and safety issues relating to presently known or unknown matters may require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) that are material and adverse to Brookfield Renewable's business and results of operations.

Litigation

In the normal course of Brookfield Renewable's operations, it becomes involved in various legal actions. The outcome with respect to outstanding, pending or future actions cannot be predicted with certainty and may be adverse to Brookfield Renewable and as a result could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Labour Relations

Brookfield Renewable cannot ensure the maintenance of a productive and efficient labour environment. Brookfield Renewable's current collective agreements expire periodically and Brookfield Renewable may not be able to renew its collective agreements without a labour disruption or without agreeing to significant increases in cost. In the event of a labour disruption such as a strike or lock-out, the ability of Brookfield Renewable's generation assets to generate electricity may be impaired. Brookfield Renewable's results from operations and cash flow could be materially and adversely affected as a result.

Brazil

The Brazilian economic, political and social climate differs from that in most developed countries in many respects, including structure, government involvement, level of development, economic growth rate, government control of foreign exchange, allocation of resources and balance of payment position. In addition, Brazil has suffered through periods of hyperinflation and has nationalized assets including some previously owned by Brookfield. Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow may be materially and adversely affected by, among other things:

- changes in Brazilian political, economic and social conditions;
- social movements that use land invasion or occupation to advocate for property redistribution and compensation for local residents;
- changes in policies of the Brazilian government, including changes in policies affecting the renewable power industry;
- changes in laws and regulations or the interpretation of laws and regulations;

- measures which may be introduced to control inflation or deflation;
- abuse of market power by the Brazilian federal or state governments;
- changes in the rate or method of taxation;
- expropriation by the Brazilian federal government;
- errors, fraud or corruption in the Brazilian land registry system causing the loss of real property;
- imposition of additional restrictions on currency conversion and remittances abroad;
- reduction in tariff protection and other import restrictions; and
- ability to secure project financing at adequate levels and for an appropriate term.

Changes in Technology

There are other technologies that can produce electricity, most notably fossil fuel power stations, nuclear plants, fuel cells, micro turbines, and photovoltaic (solar) cells. Some of these alternative technologies currently produce electricity at a higher average price than Brookfield Renewable's generation facilities; however, research and development activities are ongoing to seek improvements in such alternative technologies and their cost of producing electricity is gradually declining. It is possible that advances will further reduce the cost of alternative methods of power generation. If this were to happen, the competitive advantage of Brookfield Renewable's projects would be significantly impaired or eliminated and Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow could be materially and adversely affected as a result.

Risks Related to Growth

Acquisition Opportunities

Our strategy for building shareholder value is to seek to acquire or develop high quality assets and businesses that generate sustainable and increasing cash flows, with the objective of achieving higher returns on invested capital over the long term. We consider effective capital allocation to be one of the most important components to achieving long-term investment success. As a result, we apply a rigorous approach towards the allocation of capital among our operations. Capital is invested only when the expected returns exceed pre-determined thresholds, taking into consideration both the degree and magnitude of the relative risks and upside potential and, if appropriate, strategic considerations in the establishment of new business activities. The successful execution of a value investment strategy requires careful timing and business judgment, as well as the resources to complete asset purchases and restructure them as required, notwithstanding difficulties experienced in a particular industry. However, there is no certainty that we will be able to acquire or develop additional high quality assets at attractive prices to supplement our growth. Competition from other well-capitalized investors may significantly increase the purchase price or prevent us from completing an acquisition. We may be unable to finance acquisitions on favourable terms.

Support for Renewable Power

Development of renewable energy sources and the overall growth of the renewable energy industry are dependent on national and international policies in support of such development. In particular, Canada and the United States, two of Brookfield Renewable's principal markets, have pursued policies of active support for renewable energy for several years. These policies include renewable energy purchase obligations imposed on local service entities, tax incentives including production tax credits and accelerated depreciation and direct subsidies. The cost of renewable energy to purchasers, as well as the economic

return available to project sponsors, is often dependent on the level of incentives available, and the availability of such incentives is uncertain. There is a risk that government regulations providing incentives for renewable energy could change at any time. Any such change may impact the competitiveness of renewable energy generally and the economic value and ability to develop Brookfield Renewable's projects in particular. As a result, Brookfield Renewable may face a reduced ability to develop its project pipeline and realize its development growth objectives. Brookfield Renewable may also suffer material write-downs or write-offs of development assets as a result.

Development Risk

Brookfield Renewable's ability to realize its greenfield development growth plans is dependent on its ability to develop existing sites and find new sites suitable for development into viable projects. Ability to maintain a development permit often requires specific development steps be undertaken. Successful development of greenfield power projects, whether hydroelectric or wind, is typically dependent on a number of factors, including:

- the ability to secure an attractive site on reasonable terms;
- the ability to measure resource availability such as water flows or wind speeds at levels deemed economically attractive for continued project development;
- the ability to secure approvals, licenses and permits which are dependent on successful completion of regulatory processes or environmental studies;
- the acceptance of local stakeholders, communities and, in some cases, First Nations and other aboriginal peoples of proposed developments;
- the ability to secure transmission interconnection access or agreements;
- the ability to secure a long-term PPA or other sales contract on reasonable terms; and
- the ability to procure necessary equipment on a schedule that matches long-term power sales opportunities.

Each of these factors can be critical in determining whether or not a particular development project might ultimately be suitable for construction. Failure to achieve any one of these elements may prevent the development and construction of a project. When this occurs Brookfield Renewable may lose all of its investment in development expenditures and may be required to write-off project development assets.

Construction Risks

Brookfield Renewable's ability to develop an economically successful project is dependent on, among other things, its ability to construct a particular project on time and on budget. The construction and development of generating facilities is subject to various environmental, engineering and construction risks that could result in cost-overruns, delays and reduced performance. A number of factors that could cause such delays, cost over-runs or reduced performance include, but are not limited to, permitting delays, changing engineering and design requirements, the performance of contractors, labour disruptions and inclement weather.

Power generation equipment costs vary according to their supply and demand, as well as commodity prices, and had risen sharply in the few years preceding the last recession. In this environment, the level of contractual performance guarantees and equipment warranties Brookfield Renewable is able to negotiate from suppliers may be limited. In order to secure equipment, Brookfield Renewable may seek to enter into purchase orders with third party suppliers for generation equipment for projects under construction, which involve deposits prior to equipment being delivered. Should one or more of these suppliers be unable to meet their obligations under the contracts, this would result in possible loss of

revenue, delay in construction and increase in construction costs for Brookfield Renewable. Failure of any equipment supplier to meet its obligations to Brookfield Renewable may result in Brookfield Renewable not being able to meet its commitments and thus lead to potential defaults or liability under PPAs. For example, Brookfield Renewable may be required to make payments to the relevant power purchaser in an amount equal to the purchaser's replacement costs for the energy relating to any shortfall that it does not provide under the PPA that the purchaser is forced to obtain from another source. Brookfield Renewable may also be required to pay damages and other amounts and penalties for non-compliance under PPAs, or the purchaser may be entitled to terminate the related PPA.

In addition to experiencing difficulty in securing equipment, Brookfield Renewable may experience difficulty in finding suppliers or contractors with the necessary experience or expertise to provide construction services. In addition, the costs of construction could rise rapidly due to escalation in prices for labour and raw materials such as metals and concrete. Any significant increase in construction costs of a project could materially and adversely affect Brookfield Renewable's ability to develop projects, as well as their future profitability. In the event of delays in constructing a project, Brookfield Renewable may face penalties or the threat of termination of a project's PPA(s).

Research and Development

The renewable energy market is a market in which technology is rapidly evolving. Techniques of producing electricity from renewable energy sources are constantly improving. Moreover, these techniques are becoming more complex, such as the implementation of wind farms in areas of difficult terrain or the servicing of offshore wind farms.

Brookfield Renewable may invest in and use newly developed, less proven, technologies in its development projects. There is no guarantee that such new technologies will perform as anticipated. The failure of a new technology to perform as anticipated may materially and adversely affect the profitability of a particular development project.

Relationships with Partners

Brookfield Renewable enters into various types of arrangements with communities and joint venture partners for the development of projects. Certain of these communities and partners may have or develop interests or objectives which are different from or even in conflict with Brookfield Renewable's objectives. Any such differences could have a negative impact on the success of Brookfield Renewable's projects. Brookfield Renewable is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including private landowners, First Nations and other aboriginal groups, and municipalities. Any unforeseen delays in this process may negatively impact Brookfield Renewable's ability to complete any given project on time or at all.

When Brookfield Renewable conducts business in cooperation with a local partner, the local partner may perform the functions of identifying new projects and carrying out those projects that proceed to the development stage, including relations with local authorities. In cases where these partnerships are implemented through the establishment of a joint venture, Brookfield Renewable does not necessarily exercise full legal or economic control.

Brookfield Renewable may also join forces with one or more co-investors in order to derive maximum benefit from the tax incentives on its renewable energy investments. The organization of these structures is negotiated on a case-by-case basis. If a disagreement with Brookfield Renewable's partners or with tax authorities were to occur, or if one or more of these partnerships were to be terminated, Brookfield Renewable could be deprived of a significant part of its development program, which could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

Acquisition Integration Risk

Brookfield Renewable's strategy is to continue to expand its business through acquisitions. Integrating acquired companies involves a number of risks that could materially and adversely affect its business, including:

- failure of the acquired companies or assets to achieve the results Brookfield Renewable expects;
- risks related to the integration of the businesses and personnel acquired and the inability to retain key personnel of the acquired companies; and
- inability to achieve projected synergies.

In addition, liabilities may exist that Brookfield Renewable does not discover in its due diligence prior to the consummation of an acquisition or circumstances may exist with respect to the entity or assets acquired that could lead to future liabilities and, in each case, Brookfield Renewable may not be entitled to any recourse against the counterparty to the agreement. The discovery of any material liabilities subsequent to an acquisition could have a material adverse effect on Brookfield Renewable's assets, liabilities, business, financial condition, results of operations and cash flow.

New Markets

Brookfield Renewable may pursue acquisitions in new markets that are subject to regulation by various foreign governments and regulatory authorities and to the application of foreign laws. Such foreign laws or regulations may not provide for the same type of legal certainty and rights, in connection with Brookfield Renewable's contractual relationships in such countries, as are afforded to its projects in Canada, the United States and Brazil, which may adversely affect Brookfield Renewable's ability to receive revenues or enforce its rights in connection with its foreign operations. In addition, the laws and regulations of some countries may limit Brookfield Renewable's ability to hold a majority interest in some of the projects that Brookfield Renewable may develop or acquire, thus limiting its ability to control the development, construction and operation of such projects. Any operations may also be subject to significant political, economic and financial risks, which vary by country, and include:

- changes in government policies or personnel;
- changes in general economic conditions;
- restrictions on currency transfer or convertibility;
- changes in labour relations;
- political instability and civil unrest;
- changes in the local electricity market; and
- breach or repudiation of important contractual undertakings by governmental entities and expropriation and confiscation of assets and facilities for less than fair market value.

Decreases in the Value of and Distributions from Infrastructure Assets

Unfavourable economic conditions could have a significant impact on the value and liquidity of the Company's Infrastructure Investments and the level of investment income. Market values of the Company's Infrastructure Investments, as well as income from such investments, may decline for a

number of reasons, including changes in local, regional, national and international economic conditions and other events and occurrences that affect the markets and industries in which the Company's Infrastructure Investments operate; changes in the Company's Infrastructure Investments or their asset composition; variations in their operating results and financial condition; changes in distribution policies of the Company's Infrastructure Investments; changes in laws and government regulations affecting their business; regulatory non-compliance; legal actions; investment restrictions; levels of indebtedness; availability of credit and capital; changes in currency rates, interest rates, commodity prices and other financial exposures; changes in tax laws; write-downs or perceived credit or liquidity issues (including ratings changes) affecting the Company's Infrastructure Investments; changes in strategic direction of the Company's Infrastructure Investments; achievement of strategic goals of the Company's Infrastructure Investments; mergers, acquisitions and divestitures affecting the Company's Infrastructure Investments; and other risks specific to the business operations in the Company's Infrastructure Investments.

Risks Related to Brookfield Renewable's Financing

Capital Markets Risk

Brookfield Renewable has corporate debt and non-recourse project level debt needing to be replaced from time to time. In addition, future acquisitions, development and construction of new facilities and other capital expenditures will be financed out of cash generated from Brookfield Renewable's operations, borrowings and possible future sales of equity. As such, in order to finance Brookfield Renewable's growth, it may depend on raising additional equity and debt capital. Brookfield Renewable's ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in renewable energy assets in general and Brookfield Renewable's securities in particular. Brookfield Renewable is also dependent on the availability of credit from corporate banks.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, Brookfield Renewable's ability to make necessary capital investments to construct new or maintain existing facilities will be impaired, and its assets, liabilities, business, financial condition, results of operations and cash flow may be materially and adversely affected as a result.

General Indebtedness

Brookfield Renewable is subject to operating and financial restrictions through covenants in certain loan and security agreements. These restrictions prohibit or limit its ability, and the ability of its subsidiaries, to, among other things, incur additional debt, provide guarantees for indebtedness, create liens, dispose of assets, liquidate, dissolve, amalgamate, consolidate or effect any corporate or capital reorganization, declare dividends, issue any equity interests and create subsidiaries. Financial covenants in its corporate bank credit facilities as well as in its corporate unsecured debentures limit its overall indebtedness to a percentage of its total capitalization or restrict its ability to incur indebtedness if it exceeds specified ratios. These restrictions may limit Brookfield Renewable's ability to obtain additional financing, withstand downturns in Brookfield Renewable's business and take advantage of business and development opportunities. If Brookfield Renewable breaches such covenants, its credit facilities may be terminated or come due or the maturity date of its unsecured debentures may be accelerated. Such events may cause its credit rating to deteriorate and it may be subject to higher interest and financing costs as a result. Brookfield Renewable may also be required to seek additional debt financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit its ability to grow the business, acquire needed assets or take other actions that Brookfield Renewable might otherwise consider appropriate or desirable.

In addition, Brookfield Renewable issues guarantees or posts collateral in respect of its power marketing activities. Should Brookfield Renewable's credit rating be downgraded, it may be required to post cash collateral where its counterparties have historically accepted a corporate guarantee or post increased collateral in support of outstanding financial contract obligations. If this were to occur, Brookfield Renewable's financial position would be materially and adversely affected.

Credit Ratings

There is no assurance that any credit rating assigned to Brookfield Renewable, or to the Company's or any of our subsidiaries' debt securities, will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on the Company's financial position.

Project Financing

Brookfield Renewable relies on limited-recourse project financing structures to finance a significant portion of its operations. Such financings generally require Brookfield Renewable to grant a first-priority security interest in underlying project assets in favour of third party lenders. In addition, Brookfield Renewable's ability to withdraw cash flow from its subsidiaries financed on a limited-recourse basis is usually dependent on the maintenance of minimum cash flow coverage ratios as well as the maintenance of certain collateral accounts. If Brookfield Renewable cannot withdraw cash flow from its subsidiaries, its financial position and cash flows could be materially and adversely affected. While Brookfield Renewable's project financings are in most cases designed to permit the issue of additional debt, the ability to issue additional debt is dependent on cash flow coverage tests as well as on maintaining a minimum credit rating. If Brookfield Renewable is unable to raise additional debt financing, its financial position could be materially and adversely affected and it may not be able to pursue growth opportunities.

Refinancing Risk

Many of Brookfield Renewable's project financings consist of interest-only or limited amortization financings. As such, a significant portion of outstanding indebtedness must be refinanced at maturity. Furthermore, Brookfield Renewable's financings may contain conditions that limit its ability to repay indebtedness prior to maturity without incurring penalties, which may limit its capital markets flexibility. Refinancing risk includes, among other factors, dependence on continued operating performance of Brookfield Renewable's assets, future electricity market prices, future capital markets conditions, the level of future interest rates and investors' assessment of Brookfield Renewable's credit risk at such time.

Interest Rate Risk

Certain of Brookfield Renewable's financings are, and future financings may be, exposed to floating interest rate risk. If interest rates increase, an increased proportion of Brookfield Renewable's cash flow may be required to service indebtedness. In particular, Brookfield Renewable may face interest rate risk on future floating-rate construction financings.

Changes in Tax Laws and Practice and International Tax Treaties

Brookfield Renewable's structure is based on prevailing tax laws and practice in the local jurisdictions in which it operates and on international tax treaties in force between countries in which it operates. Tax laws and practice, and in particular, the tax rules applicable to renewable energy projects and specific tax incentives or credits, may change at any time. International tax treaties could also change at any time. Any change in tax laws and practice in these jurisdictions and to relevant international tax treaties could adversely affect Brookfield Renewable's taxable income and its cash flows.

DIVIDEND POLICY

Dividends on the Company's common shares (the "**Common Shares**"), Class A Shares, Class B Shares and the Class C Preference Shares (the "**Class C Shares**") may be paid if, as and when declared by the Board of Directors (the "**Board**") of the Company. Currently, dividends of $5.66 per Common Share are paid on the Common Shares quarterly in February, May, August and November of each year.

In addition to the quarterly dividend paid on the Common Shares, on February 24, 2009, the Board declared and paid a special one-time dividend to Brookfield on its Common Shares of an aggregate of $1.1 billion, or approximately $442.07 per Common Share. Brookfield applied this dividend to reduce its outstanding indebtedness with the Company.

Brookfield Renewable's predecessor company, Brookfield Power Inc., paid dividends on its common shares in the amount of $0.13 per common share in each quarter from January 1, 2007 until amalgamation. Upon amalgamation, the issued and outstanding 108,339,336 common shares of Brookfield Power Inc. were exchanged for 2,488,278 Common Shares of Brookfield Renewable.

CAPITAL STRUCTURE

In November 2009, the Company amended its articles to create two new classes of shares – the Class B Shares and the Class C Shares. The authorized capital of Brookfield Renewable consists of an unlimited number of Class A Shares, Class B Shares, Class C Shares issuable in series, and Common Shares. As of the date of this Annual Information Form, there were 2,488,278 Common Shares, 73,191,974 Class B Shares and no Class A Shares or Class C Shares issued and outstanding.

On September 1, 2009, the Company redeemed 40,000,000 Class A Shares held by Brookfield in exchange for a CDN$1 billion convertible debenture.

On November 13, 2009, Brookfield exchanged 71,782,311 Class A Shares for the same number of Class B Shares. The new Class B Shares have all of the same terms as the Class A Shares. Additionally, another 1,409,662 Class B Shares were issued at an aggregate price of CDN$35,241,559 as partial payment for the Infrastructure Investment.

Class A Shares

The following is a summary of certain provisions attaching to or affecting the Class A Shares as a class.

Subject to the rights of the holders of the Class C Shares, the holders of Class A Shares are entitled to receive dividends if, as and when declared by the Board. The holders of Class A Shares are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company.

The Company may redeem at any time all or any part of the then outstanding Class A Shares on payment of redemption consideration for each share to be redeemed of CDN$25 without sending any notice to that effect.

In the event of a liquidation, dissolution or winding-up of the Company, the holders of Class A Shares are entitled to receive, before the holders of Common Shares or any other class of shares ranking junior to the Class A Shares, and equally with the holders of Class B Shares, an amount equal to the redemption consideration for each Class A Share held by them respectively and no more.

The Company shall not delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Shares as a class or create preference shares ranking in priority to or on parity with the Class A Shares except with the approval of the holders of the Class A Shares in addition to any vote or authorization required by law.

Class B Shares

The following is a summary of certain provisions attaching to or affecting the Class B Shares as a class.

Subject to the rights of the holders of Class C Shares, the holders of Class B Shares are entitled to receive dividends if, as and when declared by the Board. The holders of Class B Shares are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company.

The Company may redeem at any time all or any part of the then outstanding Class B Shares on payment of redemption consideration for each share to be redeemed of CDN$25 without sending any notice to that effect.

In the event of a liquidation, dissolution or winding-up of the Company, the holders of Class B Shares are entitled to receive, before the holders of Common Shares or any other class of shares ranking junior to the Class B Shares, and equally with the holders of Class A Shares, an amount equal to the redemption consideration for each Class B Share held by them respectively and no more.

The Company shall not delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class B Shares as a class or create preference shares ranking in priority to or on parity with the Class B Shares except with the approval of the holders of the Class B Shares in addition to any vote or authorization required by law.

Class C Shares

The following is a summary of certain provisions attaching to or affecting the Class C Shares as a class.

The Class C Shares may be issued from time to time in one or more series. The Board will fix the number of shares in each series and the provisions attached to each series before issue.

The Class C Shares rank senior to the Class A Shares, the Class B Shares, the Common Shares and other shares ranking junior to the Class C Shares with respect to priority in the payment of dividends, returns of capital and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs. Each series of Class C Shares ranks on a parity with every other series of Class C Shares with respect to priority in the payment of dividends, returns of capital and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs.

The Company shall not delete or vary any right, privilege, restriction or condition attaching to the Class C Shares as a class or create preference shares ranking in priority to or on parity with the Class C Shares except by special resolution passed by at least 66 2/3% of the votes cast at a meeting of the holders of the Class C Shares duly called for that purpose, in accordance with the provisions of the articles of the Company. Each holder of Class C Shares entitled to vote at a class meeting of holders of Class C Shares, or at a joint meeting of the holders of two or more series of Class C Shares, has one vote in respect of each CDN$25.00 of the issue price of each Class C Share held by such holder.

Common Shares

The following is a summary of certain provisions attaching to or affecting the Common Shares as a class.

Subject to the rights of the holders of Class C Shares, the holders of Common Shares are entitled to receive dividends if, as and when declared by the Board. The holders of Common Shares are entitled to receive notice of, to attend and to vote at any meeting of the shareholders of the Company. Each Common Share is entitled to one vote per share.

In the event of a liquidation, dissolution or winding-up of the Company, the holders of Common Shares are entitled to receive the remaining property or assets of the Company after distribution to the

holders of the Class C Shares, Class A Shares and Class B Shares of the redemption consideration, and after the distribution to holders of any other shares of the Company ranking in priority to the Common Shares.

Convertible Promissory Notes/Debentures

During February 2009, we issued 54,705,200 Class A Shares to Brookfield with a value of $1.1 billion in return for a reduction of the balance of promissory notes due to Brookfield. On September 1, 2009, we redeemed from Brookfield 40,000,000 Class A Shares in exchange for CDN$1 billion of convertible debentures.

RATINGS

Issuer Credit Ratings

We have been assigned investment grade unsecured issuer ratings from DBRS (BBB (High)), S&P (BBB) and Fitch (BBB), which are influenced by a prudent level of low-cost asset financing and modest levels of corporate debt.

DBRS's rating of BBB indicates an issuer of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities. S&P's rating of BBB indicates adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. Fitch's rating of BBB indicates an issuer of good credit quality. Expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business and economic conditions are more likely to impair this capacity.

During 2009, some rating agencies expressed concerns about wholesale prices in the near to intermediate term as a result of lower electricity demand and fuel prices due to the economic downturn. As a result of those concerns, both S&P and Fitch Rating revised their outlook for a number of energy companies, including Brookfield Renewable, to negative from stable.

An issuer's credit rating is a current opinion of an obligor's overall financial capacity or creditworthiness to pay its financial obligations. Ratings are intended to provide investors with an independent measure of credit quality of any issue of securities and are indicators of the likelihood of the payment capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation.

Debt Instrument Ratings

The Company's publicly issued debt is rated "BBB" by Fitch and "BBB (high)" with a stable outlook by DBRS. S&P assigns a rating outlook to the Company and not to individual debt instruments.

The "BBB" rating category is the fourth highest used by Fitch, denotes "good credit quality" and is one of 11 rating categories used by Fitch for long-term debt obligations. "BBB" ratings indicate that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate, but adverse changes in circumstances or in economic conditions are more likely to impair this capacity.

DBRS' credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. According to the DBRS rating system, debt securities rated BBB are of adequate credit quality. The assignment of a "(high)" or "(low)" modifier within each rating category indicates relative standing within such category.

The ratings herein mentioned are not a recommendation to purchase, sell or hold the Company's securities and do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be revised or withdrawn entirely by any of S&P, DBRS or Fitch in the future if, in their judgment, circumstances so warrant.

DIRECTORS AND OFFICERS

Each director holds office until the next annual appointment of directors by the shareholder of the Company, or until a successor is appointed. The directors of Brookfield Renewable are as follows:

Name, Province and Country of Residence	Election Date (including predecessor companies)	Principal Occupation	Fund Units Owned or Controlled[(c)]
JEFFREY BLIDNER Ontario, Canada	February 25, 2009	Senior Managing Partner, Brookfield	--
JACK L. COCKWELL Ontario, Canada	February 25, 2009	Group Chairman, Brookfield	--
JAMES K. GRAY [(a)] Alberta, Canada	February 25, 2009	Independent Businessman	--
HARRY GOLDGUT Ontario, Canada	March 1, 1997	Chairman, Brookfield Renewable	37,700
EDWARD C. KRESS[(b)] Ontario, Canada	May 15, 1991	Group Chairman, Power, Brookfield	20,000
O. ALLAN KUPCIS [(a)] Ontario, Canada	February 25, 2009	Corporate Director	--
RICHARD LEGAULT Québec, Canada	June 30, 2004	President and Chief Executive Officer, Brookfield Renewable	2,830
RONALD W. OSBORNE [(a) (b) (1)] Ontario, Canada	February 25, 2009	Corporate Director	--
JAMES D. WALLACE [(a) (b)] Ontario, Canada	February 25, 2009	Chairman, President and Chief Executive Officer, Pioneer Construction Inc. (construction)	--

(a) Independent Director

(b) Member of the Audit Committee. Mr. Kress is the Chairman of the Audit Committee.

(c) As the Company is the Fund's majority unitholder, ownership in the Fund's Trust Units held by Brookfield Renewable's directors is identified.

(1) Mr. Osborne was a director of Air Canada when it filed for protection under the Companies' Creditors Arrangement Act ("CCAA") in April 2003. Air Canada successfully emerged from CCAA proceedings and was restructured pursuant to a plan of arrangement in September 2004. Mr. Osborne is no longer a director of Air Canada.

Mr. Osborne was a director of Nortel Networks Corporation and Nortel Networks Limited (collectively, "Nortel") when, on April 10, 2006, the Ontario Securities Commission ("OSC") issued a management cease trading order prohibiting all directors, officers and certain other current and former employees from trading in securities of Nortel until two business days following receipt by the OSC of all filings required to be made by Nortel pursuant to Ontario securities laws. This order resulted from Nortel's need to restate certain previously reported financial results and related delays in filing certain of its 2005 financial results. This order was revoked effective June 8, 2006. Mr. Osborne served on the Nortel board from June 29, 2005 to June 29, 2006.

Each of the directors of Brookfield Renewable has held his respective current principal occupation for the past five years.

The executive officers of Brookfield Renewable are as follows:

Name, Province and Country of Residence	Officer Title	Principal Occupation	Fund Units Owned or Controlled [(a)]
HARRY GOLDGUT Ontario, Canada	Chairman	Chairman, Brookfield Renewable	37,700
RICHARD LEGAULT Québec, Canada	President and Chief Executive Officer	President and Chief Executive Officer, Brookfield Renewable	2,830
DONALD TREMBLAY Québec, Canada	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer, Brookfield Renewable	2,500
BENJAMIN VAUGHAN Ontario, Canada	Executive Vice President and Chief Operating Officer, North America	Executive Vice President and Chief Operating Officer, North America, Brookfield Renewable	1,000
ANDRÉ LEGAULT Ontario, Canada	Chief Operating Officer and Senior Vice President, Canadian Operations	Chief Operating Officer and Senior Vice President, Canadian Operations, Brookfield Renewable	--
KIM OSMARS Massachussetts, USA	Chief Operating Officer and Senior Vice President, U.S. Operations	Chief Operating Officer and Senior Vice President, U.S. Operations, Brookfield Renewable	--
LUIZ RICARDO DE BITTENCOURT SOUZA RENHA Rio de Janiero, Brazil	Vice President, and President, Operations and Development Division, BESA	President, Operations and Development Division, Brookfield Energia Renovável S.A.	--
FELIPE PINEL Ontario, Canada	Senior Vice President, Investment and Commercialization Division, BESA	President and Chief Executive Officer, Investment and Commercialization Division, Brookfield Energia Renovável S.A.	--

(a) As the Company is the Fund's majority unitholder, ownership in the Fund's Trust Units held by Brookfield Renewable's executive officers is identified.

As a group, the directors and officers of Brookfield Renewable hold 64,030 Trust Units of the Fund, representing less than 1% of the outstanding Trust Units.

Each of the executive officers has been engaged for more than five years in his or her present principal occupation with the Company except the following:

Benjamin Vaughan	From February 2006 to April 2008, Mr. Vaughan was employed by Brookfield Renewable as a Senior Vice President. Prior to February 2006, Mr. Vaughan was a Vice President of Brookfield.
André Legault	From January 2008 to May 2008, Mr. Legault was employed by Brookfield Renewable as Vice President, Project Development. Prior to January 2008, Mr. Legault was President of SAL Consulting (November 2006 – January 2008) and President and Chief Executive Officer of Papier Masson (January 2004 – January 2006).
Kim Osmars	From December 2006 to April 2008, Mr. Osmars was employed with Brookfield Renewable as Vice President U.S. Operations. Between May and December of 2006, Mr. Osmars was employed as Chief Executive Officer of Hydro Ottawa. Prior to May 2006, Mr. Osmars was employed with Brookfield Renewable as Vice President, Project Development and Vice President, Ontario Operations.
Felipe Pinel	From March 2008 to May 2009, Mr. Pinel was the Vice President, Business Development – Latin America of Brookfield Renewable. Prior to March 2008, Mr. Pinel was a Vice President of Brookfield Renewable.

None of the directors or executive officers owns any securities in the Company.

EXECUTIVE COMPENSATION

For purposes of executive compensation disclosure for the Company, the following are the Named Executive Officers ("NEOs") of Brookfield Renewable:

- Mr. Richard Legault, President and Chief Executive Officer;
- Mr. Donald Tremblay, Executive Vice President and Chief Financial Officer;
- Mr. Harry Goldgut, Chairman;
- Mr. Benjamin Vaughan, Executive Vice President and Chief Operating Officer, North America; and
- Mr. Kim Osmars, Senior Vice President and Chief Operating Officer, U.S. Operations.

Compensation Discussion and Analysis

Compensation Philosophy

Brookfield, which wholly owns the Company, determines the compensation of the executives of its subsidiaries, including the NEOs, based on recommendations by Brookfield Renewable. Brookfield has adopted an approach to compensation that is intended to foster an entrepreneurial environment that encourages management to make decisions and take actions that will create long-term sustainable cash flow growth and will result in improvement in long-term shareholder value. This is achieved in large measure by aligning management interests with those of Brookfield's shareholders by basing a significant portion of their total compensation on awards under long-term incentive plans, including awards of Class A Limited Voting Shares of Brookfield ("**Class A Limited Voting Shares**") and/or options to acquire Class A Limited Voting Shares.

Compensation Elements

The primary elements of total compensation paid by Brookfield and its affiliates to the NEOs are base salary, annual management incentive plan awards (**"Cash Bonus"**) and participation in long-term incentive plans. In addition, all the NEOs either participate in a registered pension plan sponsored by a subsidiary of Brookfield Renewable or receive annual contributions in an amount equal to 4.5% of their annual base salary that they can contribute to their personal registered retirement plans.

Total compensation for the NEOs does not change significantly from year to year. A significant portion of annual compensation for the NEOs is represented by participation in long-term incentive plans, which increases executives' ownership in Class A Limited Voting Shares. This is consistent with Brookfield's compensation philosophy and focus on long-term value creation and the belief that, over time, a senior executive's wealth should be created through increases in the value of Class A Limited Voting Shares as opposed to cash compensation, thereby aligning senior executives' interests with those of Brookfield's shareholders.

As executives progress within Brookfield, they have the opportunity to reinvest their Cash Bonus into deferred share units of Brookfield, thereby enabling them to increase their ownership interests. In addition, notwithstanding the fact that regular total compensation for individuals may not change significantly year over year, management may request that Brookfield's Compensation Committee grant special compensation awards to executives who have demonstrated a clear ability to take on additional responsibilities and have consistently performed at an exceptional level. These special awards are, in almost all circumstances, granted in the form of options to acquire Class A Limited Voting Shares.

Base Salaries

Brookfield and Brookfield Renewable review the base salaries for the NEOs annually to ensure that they reflect the relative contribution of each executive within the team. Base salaries of the NEOs are determined and approved by Brookfield. Base salaries tend to remain fairly constant from one year to another as performance is recognized and rewarded primarily though long-term incentive plans.

Annual Management Incentive Plan

The Cash Bonuses and compensation under long-term incentive plans granted to the NEOs by Brookfield and Brookfield Renewable are directly related to the performance and achievements of the NEOs, the performance and success of Brookfield Renewable, as well as significant contributions to the business strategy of Brookfield as a whole. The level of Cash Bonus and long-term incentive compensation granted to each NEO is discretionary, based on his achievement of specific objectives that are set at the beginning of the year with Brookfield's Chief Executive Officer and pertain to the performance of Brookfield Renewable with respect to its operating cash flow, capital improvement programs, operational expenditures, environment, health and safety programs, growth of the portfolio of assets, financing activities, as well as sound management governance practices.

Brookfield's long-term incentive plans are intended to enable participants to create wealth through increases in the value of Class A Limited Voting Shares. The purpose of these arrangements is to achieve an alignment of interest between Brookfield's shareholders and management and to motivate executives to improve the Company's long-term financial success, measured in terms of enhanced shareholder wealth over the long term.

Brookfield has two long-term incentive plans, which are described below in more detail.

Management Share Option Plans. The management share option plans govern the granting to executives of options to purchase Class A Limited Voting Shares at a fixed price. The options typically vest as to 20% at the end of each year on a cumulative basis and are exercisable over a ten-year period. The management share option plans are administered by the board of directors of Brookfield. Options are granted to the NEOs in February of each year as part of the annual compensation review. Management

may request that the Compensation Committee of the board of directors of Brookfield grant special compensation awards to the NEOs. The Compensation Committee has a specific written mandate to review and approve executive compensation. The Compensation Committee makes recommendations to the board of directors of Brookfield with respect to the proposed allocation of options to the members of the senior management team of Brookfield Renewable, and the board of directors of Brookfield gives final approval on these compensation matters.

The number of options granted to NEOs is determined based on the scope of their roles, level of responsibilities and performance against objectives set out under working group objectives. This number is determined with reference to the Black-Scholes value of an option and the total compensation target, taking into account previous grants of options. Since the annual option awards are generally made during a blackout period, the Brookfield board adopted a practice in November 2007 of setting the effective grant date for such options no earlier than six business days after the end of the blackout period. The exercise price for such options is not less than the volume-weighted average trading price for the Class A Limited Voting Shares on the appropriate exchange for the five business days preceding the effective grant date.

Restricted Share Unit Plan. The restricted share unit plan provides for the issuance of deferred share units ("**DSUs**") of Brookfield, the value of each of which is equal to the value of a Class A Limited Voting Share, as well as restricted share appreciation units (**"RSUs"**) of Brookfield, the value of each of which is equal to the increase in value of a Class A Limited Voting Share over the value as at the date of issuance. The restricted share unit plan is administered by the Compensation Committee of Brookfield. DSUs and RSUs vest over periods of up to five years and can only be redeemed for cash upon cessation of employment.

DSUs are issued based on the value of Class A Limited Voting Shares at the time of the award (the "**Allotment Price**"). In the case of DSUs acquired through the reinvestment of Cash Bonus awards, the Allotment Price is equal to the exercise price for options granted at the same time as described above. Holders of DSUs will be allotted additional DSUs as dividends are paid on Class A Limited Voting Shares on the same basis as if the dividends were reinvested pursuant to Brookfield's dividend reinvestment plan. The redemption value of DSUs will be equivalent to the market value of an equivalent number of Class A Limited Voting Shares on the date employment with Brookfield or Brookfield Renewable ceases.

In addition to providing senior executives of Brookfield, including members of the senior management team of Brookfield Renewable, with the opportunity to reinvest all or a portion of their Cash Bonus in DSUs, DSUs are also awarded annually to senior employees in certain business units as a long-term incentive and to certain individuals in special circumstances as approved by the Brookfield's board of directors.

These objectives are driven by Brookfield Renewable's business plan and are meant to be aggressive and indicative of the entrepreneurial and opportunistic culture of the organization. They support the long-term strategy of Brookfield Renewable by translating into concrete and specific terms various transactions and initiatives that Brookfield's and Brookfield Renewable's management believe will create shareholder value over the long-term.

For 2009, the Cash Bonuses and compensation under long-term incentive plans paid to the NEOs by Brookfield were based on the overall performance of Brookfield Renewable and significant contributions to the business strategy of Brookfield as a whole.

Brookfield and Brookfield Renewable believe that, for Messrs. Legault, Tremblay, Goldgut, Vaughan and Osmars, given their focus on long term decision making, the impact of which is difficult to assess in the short term, a formula calculation based on annual operational targets may not appropriately reflect the long term strategy. Accordingly, for these NEOs, the Cash Bonus was determined primarily through an evaluation by Brookfield and Brookfield Renewable of the achievement of Brookfield Renewable's business plan objectives. As a whole, no specific weight is given to the achievement of any individual objective.

More specifically, for 2009, Cash Bonuses were granted to Messrs. Legault, Tremblay, Goldgut, Vaughan and Osmars based on their leadership of the business resulting in the achievement of the following objectives:

- Delivered an operating cash flow of $769 million, a level similar to last year, despite challenging economic conditions and a downturn in energy market prices.
- Secured long-term contracts for almost 20% of Brookfield Renewable's generation with highly creditworthy counterparties.
- Raised almost $900 million in cash for Brookfield's renewable energy business by successfully executing divestiture and financing transactions.
- Refinanced a number of maturities, including corporate notes, project level debt and a bridge facility in the context of a difficult credit market and a low power price environment. In total, Brookfield Renewable refinanced more than $700 million in 2009.
- Completed $360 million in investments accretive to annual cash flow with the completion of three hydroelectric stations in Brazil, as well as the initiation of one hydro project and one wind farm.

Summary Compensation of NEOs

The NEOs of the Company are: Harry Goldgut, Chairman; Richard Legault, President and Chief Executive Officer; Donald Tremblay, Executive Vice President and Chief Financial Officer; Benjamin Vaughan, Executive Vice President and Chief Operating Officer, North America; and Kim Osmars, Senior Vice President and Chief Operating Officer, U.S. Operations.

Mr. Goldgut is an employee of Brookfield and is remunerated by that company. All of Mr. Goldgut's compensation is charged back to Brookfield Renewable. Messrs. Legault, Tremblay and Vaughan are employed and remunerated by Brookfield Renewable. Mr. Osmars is remunerated by Brookfield Power U.S. Asset Management LLC, a U.S. based wholly-owned subsidiary of Brookfield Renewable.

Summary Compensation Table

The following table presents the total compensation for the NEOs for the period from January 1, 2009 to December 31, 2009. The NEOs, with the exception of Mr. Osmars, are remunerated in Canadian dollars. However, in order to provide for comparability with Brookfield Renewable's financial statements, which are reported in U.S. dollars, all Canadian dollar compensation amounts in this executive compensation section of this Annual Information Form have been converted to U.S. dollars at an exchange rate of U.S.$1.00 to C$1.1404, which was the average exchange rate for 2009, unless otherwise noted.

SUMMARY COMPENSATION FOR NAMED EXECUTIVE OFFICERS FOR 2009

Name and Principal Position	Year	Salary (a)	Share-based Awards (a), (b), (c), (e)	Options-based Awards (a), (b), (d)	Non-equity incentive plan compensation (a), (e)	Pension Value	All other compensation (a),(f)	Total Annual Compensation (a)
		($)	($)	($)	($)	($)	($)	($)
Richard Legault [(g)]	2009	350,754	175,377	1,701,000	175,377	-	29,758	2,432,266
President and Chief Executive Officer	2008	350,754	-	920,000	350,754	-	26,150	1,647,659

Name and Principal Position	Year	Salary (a)	Share-based Awards (a), (b), (c), (e)	Options-based Awards (a), (b), (d)	Non-equity incentive plan compensation (a), (e)	Pension Value	All other compensation (a),(f)	Total Annual Compensation (a)
Harry Goldgut [(g)] Chairman	2009	328,832	263,066	1,458,000	-	-	14,797	2,064,695
	2008	328,832	197,299	460,000	-	-	14,797	1,000,929
Donald Tremblay Executive Vice President and Chief Financial Officer	2009	219,221	-	364,500	87,689	-	39,505	710,915
	2008	219,221	-	207,000	93,169	-	35,628	555,018
Benjamin Vaughan Executive Vice President and Chief Operating Office, North America	2009	263,066	46,036	972,000	46,036	-	25,797	1,352,936
	2008	219,221	54,783	690,000	36,522	-	23,358	1,023,885
Kim Osmars Senior Vice President and Chief Operating Officer, U.S. Operations	2009	250,000	9,475	121,500	85,275	24,952	104,767	595,969
	2008	250,000	-	46,000	125,000	6,010	47,034	474,044

(a) Compensation is normally paid to the NEOs in Canadian dollars, with the exception of Mr. Osmars who is paid in U.S. dollars. The U.S. dollar equivalent shown has been calculated for purposes of this summary compensation table using the average exchange rate of U.S.$1.00 = CDN$1.1404, which was the average rate for 2009.

(b) The DSU and option awards in this column for 2009 were granted on March 2, 2010. The DSU awards are issued in lieu of a Cash Bonus, at the election of the individual. The DSUs were awarded at a price in 2009 of $23.18, the volume weighted average price of shares on the NYSE for the 5 days preceding the grant.

(c) On January 31, 2008, Brookfield established Brookfield Infrastructure Partners L.P. ("BIP"), and paid a special dividend to shareholders of one limited partnership unit ("BIP Unit") for every 25 Class A Limited Voting Shares of the Corporate held. The figures in this column do not include DSUs awarded in respect of the establishment of BIP related to long-term share equivalents held by the NEOs on January 31, 2008. Brookfield Renewable has not included these awards in the Summary Compensation Table on the basis that these awards are compensation in respect of share-based awards made in prior years.

(d) The values in this column are based on the value of the options issued on March 2, 2010 of $4.86 per option calculated using the Black-Scholes option pricing model, discounted by 25% to reflect the five-year vesting and one-year holding provisions of Brookfield's Management Share Option Plans. The options granted at this date are exercisable at a price of $23.18.

(e) Some of the NEOs have elected to reinvest a portion of their Cash Bonus in Brookfield and receive it in share-based awards (DSUs). The bonus paid out in the form of DSUs is included in the share-based awards column.

(f) These amounts include annual retirement savings contributions, participation in an executive group benefits program, vehicle benefits and services related to the relocation of an executive.

(g) Neither Mr. Goldgut nor Mr. Legault receives any additional compensation for acting as a director of the Company.

Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards

The following table shows the options, RSU awards and unvested DSU awards outstanding at December 31, 2009.

Option Awards and Share-Based Awards at December 31, 2009

	Option Awards [(a) (b)] Vested and Unvested		*Restricted Share Appreciation Unit (RSU) Awards [(b)] Vested and Unvested*		*Share-Based Awards Deferred Share Units (DSUs) [(a)]*	
	Number of Securities Underlying Unexercised Options (#)	*Market Value of Unexercised Options ($)*	*Number of Securities Underlying Outstanding RSUs (#)*	*Market Value of Outstanding RSUs ($)*	*Number of Unvested DSUs (#)*	*Market Value of Unvested DSUs ($)*
Richard Legault	1,302,500	5,734,839	253,125	3,503,214	6,982	155,213
Harry Goldgut	996,000	8,479,549	253,125	3,503,214	2,661	59,154
Donald Tremblay	226,625	1,055,772	-	-	2,826	62,831
Benjamin Vaughan	587,563	2,887,274	-	-	1,728	38,409
Kim Osmars	20,000	162,597	-	-	-	-

(a) These values do not include the option and DSU awards made to the NEOs on March 2, 2010.

(b) The market value is the amount by which the value of the Class A Limited Voting Shares at the date shown exceeded the exercise price of the options or the RSU awards. The closing price of Class A Limited Voting Shares on the TSX on December 31, 2009 was $22.23 (CDN$23.39 converted into U.S. dollars at the Bloomberg mid-market exchange rate on that day of U.S.$1.00 = CDN$1.0522).

(c) RSUs are not redeemable until cessation of employment and have no expiration date.

Incentive Plan Awards – Outstanding Option Awards and Restricted Share Appreciation Units as at December 31, 2009.

The following table shows the details of each option and RSU outstanding at December 31, 2009.

Outstanding Option Awards and Restricted Share Appreciation Units as at December 31, 2009

Name	Options				Restricted Share Appreciation Units (RSUs)		
	Number of Securities Underlying Unexercised Options (#)	*Options Exercise price ($) [(a)]*	*Options Expiration Date*	*Market Value of Unexercised Options at December 31, 2009 ($) [(b)]*	*Number of Restricted Share Appreciation Units (#)*	*Issuance Price ($) [(a) (c)]*	*Market Value December 31,2009 ($) [(b)]*
Richard Legault	118,125	8.39	February 12, 2013	1,634,635	253,125	8.39	3,503,214
	84,375	12.70	February 11, 2014	803,831			
	393,750	19.40	February 11, 2015	1,114,256			
	168,750	25.94	February 14, 2016	-			
	37,500	37.10	February 13, 2017	-			
	100,000	30.05	February 20, 2018	-			
	400,000	16.77	February 25, 2019	2,182,118			
	1,302,500			*5,734,839*	*253,125*		*3,503,214*
Harry Goldgut	95,375	4.66	February 10, 2010	1,675,679	253,125	8.39	3,503,214
	101,250	6.39	February 9, 2011	1,603,551			
	84,375	8.09	February 13, 2012	1,193,257			
	118,125	8.39	February 12, 2013	1,634,635			
	84,375	12.70	February 11, 2014	803,831			
	168,750	19.40	February 11, 2015	477,538			
	56,250	25.94	February 14, 2016	-			
	37,500	37.10	February 13, 2017	-			
	50,000	30.05	February 20, 2018	-			
	200,000	16.77	February 25, 2019	1,091,059			
	996,000			*8,479,549*	*253,125*		*3,503,214*
Donald Tremblay	17,625	8.39	February 12, 2013	243,898			
	27,000	12.70	February 11, 2014	257,226			
	22,500	19.40	February 11, 2015	63,672			
	27,000	25.94	February 14, 2016	-			
	22,500	37.10	February 13, 2017	-			
	20,000	30.05	February 20, 2018	-			
	90,000	16.77	February 25, 2019	490,977			
	226,625			*1,055,772*	-		-
Benjamin Vaughan	40,688	8.39	February 12, 2013	563,041			
	33,750	12.70	February 11, 2014	321,532			
	129,375	19.40	February 11, 2015	366,113			
	33,750	25.94	February 14, 2016	-			
	30,000	37.10	February 13, 2017	-			
	20,000	30.05	February 20, 2018	-			
	300,000	16.77	February 25, 2019	1,636,589			
	587,563			*2,887,274*	-		-
Kim Osmars	20,000	14.10	February 25, 2019	162,597	-		-
	20,000			162,597	-		-

(a) The 2009 options exercise price and the RSU issuance price were converted into U.S. dollars at the Bloomberg mid-market exchange rate on December 31, 2009 U.S.$1.00 = CDN$1.0522. For Mr. Osmars, the 2009 options were allotted at the U.S. price per share.

(b) The market value of the Class A Limited Voting Shares under option and the RSUs is the amount by which the closing price of Class A Limited Voting Shares on December 31, 2009 exceeded the exercise price of the options and/or the issuance price of the RSUs. The closing price of the Class A Limited Voting Shares on the TSX on December 31, 2009 was $22.23 (CDN$23.39 converted into U.S. dollars at the Bloomberg mid-market exchange rate on that day of U.S.$1.00 = CDN$1.0522)

(c) RSUs are not redeemable until cessation of employment and have no expiration date.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table shows the value of all option and share-based awards which vested during 2009.

Option and Share-Based Awards Vested During 2009

Named Executive Officer	*Value Vested During 2009 [(a)]*			*Non-equity incentive plan compensation – Value earned during the year*
	Options	*DSUs*	*RSUs*	
	($)	*($)*	*($)*	
Richard Legault	77,303	433,848	-	175,377
Harry Goldgut	77,303	425,656	-	-
Donald Tremblay	30,921	79,578	-	87,689
Benjamin Vaughan	30,921	117,377	-	46,036
Kim Osmars	-	-	-	85,275

(a) All values are calculated using the closing price of Class A Limited Voting Share on the TSX on the vesting date and converted into U.S. dollars using the average Bloomberg mid-market exchange rate for 2009.

Pension Plan

Brookfield Renewable sponsors a defined benefit pension plan and a defined contribution pension plan. The defined benefit pension plan provides its employees, upon their normal retirement age of 65 years or upon early retirement at the time when age plus service is equal to or greater than 85 years, with a pension payable for the retiree's life and 60% of that pension continuing to the retiree's spouse upon the employee's death. If the employee does not have a spouse at retirement, the lifetime pension is payable for the retiree's life with a 10 year guarantee. If the employee retires prior to the age of 65, a temporary bridge benefit is also payable. The annual pension under the defined benefit plan at an employee's normal retirement date is calculated as the product of (i) 2.0% of the employee's highest five-year average annual eligible earnings less 0.5% of the five-year average of Year's Maximum Pensionable Earnings under the Canada/Québec Pension Plan, and (ii) the employee's years of credited service.

Mr. Legault and Mr. Tremblay participated in the defined benefit pension plan until December 31, 2005; from January 1, 2006 on, they have not accrued additional pension credits in any pension plan sponsored by Brookfield Renewable or its subsidiaries. The annual pension payable to Mr. Legault under the defined benefit pension plan when he reaches age 65 or when his age plus service is equal to 85 years amounts to $69,200. Mr. Tremblay elected in 2007 to transfer the lump sum value of his entitlements out of the pension plan.

We provide below the information relative to Mr. Legault's accrued benefits in the defined benefit pension plan in which he participated until December 31, 2005.

Defined Benefit Plan Table

Name	Number of years of credited service	Annual benefits payable ($)		Accrued obligation at start of year ($)	Compensatory change ($)	Non-compensatory change ($)	Accrued obligation at year end ($)
		At year end	At age 65				
Richard Legault President and Chief Executive Officer	16.31	69,200	69,200	357,000	0	27,000	384,000

Mr. Legault and Mr. Tremblay, along with Mr. Goldgut and Mr. Vaughan who do not participate in any pension plan sponsored by Brookfield Renewable or its subsidiaries, receive an annual contribution of 4.5% of their base salary to invest in their personal retirement savings plans.

Mr. Osmars participates in a 401k plan that is in place in the U.S. Operations of Brookfield Renewable. More detailed information pertaining to this defined contribution plan is presented below.

Defined Contribution Plan Table

Name	Accumulated value at start of year ($)	Compensatory ($)	Non-Compensatory ($)	Accumulated value at year end ($)
Kim Osmars Senior Vice President and Chief Operating Officer, U.S. Operations	0	6,009.63	21,127.05	27,136.68

Mr. Osmars participates in the Brookfield Power New England LLC (the “employer”) retirement plan. All salaried employees, not represented by a union, of the employer and Brookfield U.S. Asset Management LLC are eligible to participate in this defined contribution plan after completing 3 months of service.

Employees are allowed to make pre-tax contributions up to IRS limits including age 50 catch-up contributions. No after-tax contributions are allowed. The employer matches 100% of employee contributions up to 5% of compensation. The employer also provides a qualified non-elective contribution of 5% of compensation. All employer contributions under the plan are immediately vested.

Under the plan, normal retirement age is age 60. At age 59½, participants are allowed to withdraw their vested balance and participants are allowed to withdraw their rollover account at any time. Participants are eligible to receive their vested account balance following retirement, termination of employment, or total and permanent disability. Depending on the amount of their balance, they may be able to leave it in the plan until they reach age 70½ or they can receive it as a lump-sum cash payment or roll it over to another employer’s eligible plan or an Individual Retirement Account (IRA).

Termination of Employment, Change in Responsibility and Employment Contracts

As a general practice, the Company does not provide contractual termination or post-termination payments or change of control arrangements to employees. Specifically, the Company has not entered into contractual termination, post-termination or change of control arrangements or employment contacts with its NEOs.

The following table provides a summary of the termination provisions in Brookfield's long-term share ownership plans. No incremental entitlements are triggered by termination, resignation, retirement or a change in control. Any exceptions to these provisions are approved by the Chair of the Compensation Committee of Brookfield or the board of directors of Brookfield on an individual basis at the time of cessation of employment.

Long-Term Share Ownership Plan Termination Provisions (a)

Termination Event	*DSUs / RSUs*	*Options*
Retirement (as determined at the discretion of Board)	Vested units are redeemable on the day employment terminates. Unvested units are forfeited.	Vesting ceases on retirement. Vested options are exercisable until their expiration date. Unvested options are cancelled.
Termination Without Cause	Vested units are redeemable on the day employment terminates. Unvested units are forfeited.	Upon the date of termination, unvested options are immediately cancelled and vested options continue to be exercisable for 60 days *(b)* from the termination date after which unexercised options are cancelled immediately.
Other Termination (including resignation)	Vested units are redeemable on the day employment terminates. Unvested units are forfeited.	Upon date of termination, all vested and unvested options are cancelled.
Approved Leaves of Absence (including disability)	Units cannot be redeemed during a leave.	Continue to vest and are exercisable as per normal schedule until two years from the commencement of the leave.
Death	Vested units are redeemable on the date of death. Unvested units are forfeited.	Vesting continues for 6 months following date of death *(b)* after which all unexercised options are cancelled immediately.

(a) This table represents a summary of termination provisions in the Long-Term Share Ownership Plans provided by Brookfield and should not be taken as the complete terms.
(b) Up to but not beyond the expiry date of options.

Compensation of Directors

Name	Annual Director Fee [(a)]	Special Fees [(a)]	Total [(a)]
JAMES K. GRAY	$30,968	--	$30,968
O. ALLAN KUPCIS	$30,968	$9,504	$40,472
RONALD W. OSBORNE	$30,968	$9,504	$40,472
JAMES D. WALLACE	$30,968	--	$30,968

(a) All annual director fees were paid in equal instalments quarterly in Canadian dollars. Special fees were paid on December 31, 2009 in Canadian dollars. The fees listed have been converted into U.S. dollars based on the end of day exchange rate posted by the Bank of Canada on each date of payment.

Directors who are not members of management or otherwise employed by Brookfield Renewable, Brookfield or any of their subsidiaries are entitled to receive an annual director's fee of CDN$35,000. The Company paid an amount of CDN$35,000 to each of the four independent directors in compensation for their services as directors during the year ended December 31, 2009. Independent directors only receive cash compensation and are not entitled to share-based awards.

Directors of the Company who are employees of Brookfield Renewable, Brookfield or subsidiaries thereof, being Messrs. Blidner, Cockwell, Kress, Goldgut and Legault, are not entitled to receive any compensation for acting as a director of the Company.

The Board formed a special committee of independent directors consisting of Messrs. Kupcis and Osborne to oversee a valuation report to assess the impact of the Infrastructure Investment on the Company's bondholders. Messrs. Kupcis and Osborne were each paid additional compensation of CDN$10,000 for services rendered in connection with their work on the special committee.

Director and Officer Insurance

Brookfield Renewable maintains directors and officers insurance under policies arranged by Brookfield with a combined annual limit of CDN$50,000,000 subject to a corporate deductible of CDN$500,000. The limit is not exclusive to each corporation insured under the policies. Under this insurance coverage, Brookfield Renewable is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws as indemnity for losses, including legal costs, arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by Brookfield Renewable. The insurance coverage for directors and officers has certain exclusions, including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in personal profit or advantage. The cost of such insurance is borne by Brookfield Renewable and is currently CDN$32,239 annually.

Indebtedness of Directors and Executive Officers

As at the date of this Annual Information Form, none of the directors, officers, employees and former directors, officers or employees of the Company, nor any of their associates, has any indebtedness owing to Brookfield Renewable or any of its subsidiaries or trusts controlled by the Company.

AUDIT COMMITTEE INFORMATION

The following information is provided for the Company in accordance with Form 52-110F2 under National Instrument 52-110 – Audit Committees (**"NI 52-110"**) of the Canadian Securities Administrators.

Audit Committee Mandate

The Audit Committee Terms of Reference (mandate) are attached as Schedule A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee Terms of Reference for the Company requires that three directors serve on the Audit Committee for Brookfield Renewable. From January 1 to November 12, 2009, the Audit Committee consisted of Edward C. Kress (Chairman), James K. Gray and Ronald W. Osborne. On November 12, 2009, Mr. Gray retired from the Audit Committee and was replaced by Mr. James D. Wallace. Messrs. Gray, Wallace and Osborne are considered "independent" as such term is defined in NI 52-110. Mr. Kress is not considered "independent" as he is an employee of Brookfield.

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Terms of Reference, as set forth below.

Mr. Kress has a Bachelor of Commerce degree from the University of Toronto and has been a chartered accountant for over 35 years. He has held a variety of financial officer positions, including Chief Financial Officer of Brookfield.

Mr. Gray is a member of several corporate boards of public issuers and, as such, has been responsible for overseeing financial reporting. Mr. Gray is no longer on the Audit Committee.

Mr. Osborne is a Chartered Accountant and a member and chairman of several corporate boards and audit committees of a number of public entities.

Mr. Wallace is a Certified Management Accountant and holds a Fellow Chartered Accountant designation. He serves on the board and audit committees of a number of public entities. Mr. Wallace replaced Mr. Gray on the Audit Committee effective November 12, 2009.

Pre-Approval Policies and Procedures

The Company has adopted a written policy on auditor independence for audit and non-audit services which establishes a framework for approvals of audit services that ensures the ongoing independence of the external auditors. The policy sets out procedures relating to pre-approval of policy statements and fee thresholds, permitted and prohibited non-audit services and tax services, and a quarterly review of audit services by the members of the Audit Committee.

External Auditor Service Fees (by Category)

For the years ended December 31, 2008 and 2009, the auditors of the Company billed the following fees to the Company:

	2008 ($)	**2009 ($)**
Audit Fees	2,668,507	5,704,623
Audit-Related Fees [(1)]	554,327	1,270,121
Tax Fees	-	-
Other Fees[(2)]	106,891	128,323

(1) Audit-related fees relate to audits of the Company's pension plans, Sarbanes Oxley 404 compliance, audits in connection with acquisitions and fees relating to prospectus filings.

*(2) Other fees related to translation and International Financial Reporting Standards (**"IFRS"**) training sessions provided to educate the Company's finance and accounting staff about key elements of IFRS that the Company will implement in the future.*

Audit and Audit-Related Fees

Audit fees include fees for services that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with generally accepted auditing standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities. The Company incurs audit fees for its annual statutory audit, as well as for the audit of the Defined Contribution Pension Plan for Salaried Employees, of which it is the plan sponsor. Audit-related fees consist primarily of the quarterly reviews of its statutory filings, Sarbanes Oxley 404 compliance work, work performed in relation to any subsidiary pension plans of the Company and any work done on prospectuses.

Exemption

The Company is a venture issuer as defined in NI 52-110 and is therefore exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

CORPORATE GOVERNANCE DISCLOSURE

The Board of Brookfield Renewable encourages sound corporate governance practices designed to promote the well-being and ongoing development of the Company, having always as its ultimate objective the best interests of the Company. The Board also believes that sound corporate governance benefits the communities in which Brookfield Renewable operates.

The Board is of the view that the Company's corporate governance policies and practices, outlined below, are consistent with the guidelines for improved corporate governance in Canada as prescribed in National Instrument 58-101 – Disclosure of Corporate Governance Practices.

Board of Directors

The Board is composed of nine directors. A director is considered to be independent if he or she meets the conditions of section 1.4 of NI 52-110. The following four directors are considered to be independent of the Company:

- James K. Gray;
- O. Allan Kupcis;
- Ronald W. Osborne; and
- James D. Wallace.

Directors who are not independent of the Company and the basis for that determination are as follows:

- Jeffrey Blidner is a Senior Managing Partner of Brookfield;
- Jack L. Cockwell is Group Chairman of Brookfield;
- Edward C. Kress is Group Chairman, Power, Brookfield;
- Harry Goldgut is Chairman of Brookfield Renewable and a Senior Managing Partner of Brookfield; and
- Richard Legault is President and Chief Executive Officer of Brookfield Renewable and a Senior Managing Partner of Brookfield.

While Mr. Kress, a non-independent director, is the Chairman of the Board, the independent directors of Brookfield Renewable meet at least quarterly without the presence of management and the non-independent directors to discuss issues relating to the Company, and any issues are brought forward to Mr. Kress for appropriate action.

Directorships

The following directors of the Company are also directors of other reporting issuers:

- James K. Gray is a director of Atlanta Gold Inc., Resin Systems Inc., Brookfield (independent) and Phoenix Technology Income Fund.

- Ronald W. Osborne is a director of RioCan Real Estate Investment Trust, Sun Life Financial Inc., Sun Life Assurance Company of Canada, and Tim Hortons Inc.

- James D. Wallace is a director of Northstar Aerospace Inc., Brookfield Infrastructure (independent) and FNX Mining Company Inc.

- Jack L. Cockwell is a director of Brookfield, Teck Resources Limited, Brookfield Properties Corporation and Astral Media Inc.

- Edward C. Kress is a director of Halmont Properties Corporation, Wilmington Capital Management Inc., Brookfield Investments Corporation, Morguard REIT, BAM Investments Corp. and BAM Split Corp.

- Messrs. Legault, Goldgut and Kress are trustees of the Fund.

Orientation and Continuing Education

The independent board members of the Company participate in specific briefing sessions on the industry and company initiatives from appropriate senior personnel to help directors better understand the Company's strategies and operations. They are also invited to participate in guided tours of the Company's facilities. New directors are provided with comprehensive information about the Company and its affiliates. They have the opportunity to meet and participate in working sessions with management to obtain insight into the operations of the Company and its affiliates.

Nomination of Directors

The directors are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Company. In 2009, Brookfield Renewable expanded its Board from five members to nine members, including additional independent directors. The Company consults with Brookfield to identify and assess the credentials of appropriate individuals with the skills, knowledge, experience and talents needed to act as an independent board member of the Company. Brookfield maintains an "evergreen" list of potential independent board members to ensure outstanding candidates with the needed skills can be quickly identified to fill planned or unplanned vacancies. Candidates from that list and any other candidates familiar to Brookfield and Brookfield Renewable are assessed to ensure the Board has the appropriate mix of talent, quality, skills and other requirements necessary to promote sound governance and Board effectiveness. Individuals who meet those requirements are recommended by Brookfield to the Board as potential candidates for nomination.

Compensation

The Board sets the compensation of the independent directors by seeking to ensure that compensation reflects the responsibilities and risks involved in being a director of Brookfield Renewable and to align the interests of the directors with the best interests of the Company. Director compensation is periodically reviewed to ensure that it is reasonable and competitive in the marketplace.

Brookfield sets the compensation for the Chairman and the Chief Executive Officer, as set out in more detail under "Executive Compensation" on page 40.

Other Board Committees

Other than the Audit Committee, the Board has no standing committees.

Assessments

The Board conducts informal assessments of its performance and makes changes based on feedback.

PRINCIPAL HOLDERS OF VOTING SECURITIES

Brookfield directly and indirectly owns 100% of all of the issued and outstanding voting securities of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions involving Brookfield Renewable or any of its subsidiaries which we believe would have a material impact on the Company.

TRUSTEE AND REGISTRAR

BNY Trust Company of Canada acts as Trustee and Registrar for the Company under the Trust Indenture (defined below). Registers for the Company's debt securities are maintained at the principal office of the Trustee in the City of Toronto, Ontario.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In November 2009, the Company acquired the Infrastructure Investments from Brookfield (181 Bay Street, Suite 300, Brookfield Place, Toronto, Ontario M5J 2T3) and subscribed for additional units to maintain its ownership interest in Brookfield Infrastructure at approximately 40%. The total consideration for the acquisition of the Infrastructure Investments and the subsequent subscription was approximately $840 million, paid in cash plus the issuance of 1,409,662 Class B Shares and a reduction of deposits with Brookfield. Certain directors of Brookfield Renewable (Messrs. Blidner, Cockwell, Kress, Goldgut and Legault) are also officers of Brookfield.

On February 4, 2009, Brookfield Renewable sold to the Fund (480 Boulevard de la Cité, Gatineau, Québec J8T 8R3) Prince Wind and a 50% joint venture interest in Pingston Creek. The aggregate consideration for the transaction was CDN$135 million (including a CDN$5 million working capital adjustment), of which CDN$65 million was paid in cash to Brookfield Renewable and the remaining CDN$65 million was paid to Brookfield Renewable through the issuance of Exchangeable Shares. Certain Brookfield Renewable directors (Messrs. Kress, Goldgut and Legault) are also members of the board of trustees of the Fund. Certain executive officers of Brookfield Renewable (Messrs. R. Legault, Tremblay, Vaughan, A. Legault and Osmars) are also executive officers of the Fund.

On August 31, 2009, Brookfield Renewable sold to the Fund (480 Boulevard de la Cité, Gatineau, Québec J8T 8R3), direct and indirect interests in entities that own 15 hydroelectric stations located in northern Ontario and Québec and Gosfield Wind located in southern Ontario. In addition, Brookfield Renewable increased the price that it pays to the Fund for power generated at the Fund's Lièvre and Mississagi hydroelectric facilities. The total consideration payable to Brookfield Renewable for the transaction was CDN$945 million, of which CDN$365 million was paid to Brookfield Renewable in cash, CDN$200 million was paid through the issuance by the Fund of an unsecured promissory note to Brookfield Renewable (which was repaid by the Fund on March 10, 2010); and CDN$380 million was paid to Brookfield Renewable through the issuance of 25,562,500 Trust Units at a price of approximately CDN$14.87 per Trust Unit. Certain Brookfield Renewable directors (Messrs. Kress, Goldgut and Legault) are also members of the board of trustees of the Fund. Certain executive officers of Brookfield Renewable (Messrs. R. Legault, Tremblay, Vaughan, A. Legault and Osmars) are also executive officers of the Fund.

In March 2008, Brookfield Renewable sold its transmission assets to Brookfield Infrastructure (181 Bay Street, Suite 300, Brookfield Place, Toronto, Ontario M5J 2T3). The value of the transaction was approximately CDN$213 million, paid partially in cash of approximately CDN$88 million, plus the assumption of CDN$120 million of project level debt and CDN$5 million of additional consideration for working capital. At the time of the transaction, certain directors of Brookfield Renewable (Messrs. Kress, Goldgut and Legault) were also officers of Brookfield.

In November 2008, Brookfield Renewable purchased from Brookfield (181 Bay Street, Suite 300, Brookfield Place, Toronto, Ontario M5J 2T3), all of Brookfield's ownership interest in BESA for total consideration of $490 million. At the time of the transaction, certain directors of Brookfield Renewable (Messrs. Kress, Goldgut and Legault) were also officers of Brookfield.

MATERIAL CONTRACTS

There are two material contracts relating to the Company.

1. **The Trust Indenture (the "Trust Indenture") dated December 16, 2004 between the Company, BNY Trust Company of New York and BNY Trust Company of Canada (the "Trustee"), as supplemented, amended and restated from time to time.** The Trust Indenture provides for the issuance of one or more series of unsecured debentures or notes of Brookfield Renewable by way of supplemental indenture. The Company entered into the First Supplemental Indenture dated as of December 16, 2004 to provide for the issue of CDN$400 million aggregate principal amount of Series 1 debentures and $100 million aggregate principal amount of Series 2 debentures and to establish the terms, provisions and conditions of such Debentures. The Company entered into the Amended and Restated First Supplemental Indenture on January 26, 2005 to increase the aggregate principal amount of Series 1 debentures by way of the issue of an additional CDN$50 million principal amount of Series 1 debentures. The Company entered into an Amended and Restated Second Supplemental Indenture dated October 27, 2006 to provide for the issue of CDN$200 million aggregate principal amount of Series 3 medium term notes and CDN$150 million aggregate principal amount of Series 4 medium term notes and to establish the terms, provisions and conditions of such notes. In 2008, the Company entered into the Amended and Restated Third Supplemental Indenture dated February 3, 2009 to create the Series 5 medium term notes. In 2009, the Company entered into the Amended and Restated Fourth Supplemental Indenture dated November 27, 2009 to provide for the creation and issuance of a series of Debentures to be designated Series 6 notes.

2. **The Purchase Agreement (the "Purchase Agreement") among Brookfield Renewable, the Fund and others, dated July 6, 2009**. Pursuant to the Purchase Agreement, the Fund agreed to acquire Brookfield Renewable's interests in entities that own fifteen hydroelectric generation plants located in Ontario and Québec and Gosfield Wind. The Purchase Agreement provides that the consideration payable to Brookfield Renewable, being CDN$945 million, will be decreased for every dollar that the construction costs for Gosfield Wind are more than CDN$147 million, subject to a maximum of CDN$10 million, and the consideration will be increased for every dollar that the construction costs for Gosfield Wind are less than CDN$147 million, subject to a maximum of CDN$10 million. The Purchase Agreement includes standard representations, warranties and covenants which survive for a period of three years following the closing date of the transaction, subject to certain exceptions. Brookfield Renewable has agreed to indemnify the Fund with respect to claims or losses relating to the breach of any representation, warranty or covenant, up to a maximum amount equal to the purchase price, provided that such indemnification claims exceed $1 million (subject to certain limited exceptions).

Copies of the Trust Indenture and related supplemental indentures and the Purchase Agreement have been filed on SEDAR as material contracts and are available at www.sedar.com

AUDITORS

Deloitte & Touche LLP, Chartered Accountants, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2V1, is the auditor of the Company.

INTERESTS OF EXPERTS

Deloitte & Touche LLP, the Company's external auditor, is independent of Brookfield Renewable in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Financial information relating to Brookfield Renewable is available in the Company's financial statements and MD&A for 2009 filed on SEDAR at www.sedar.com. Additional information on the Company can also be found on SEDAR or at www.brookfieldpower.com. Additional information relating to the Fund can be found at www.brpfund.com and on SEDAR at www.sedar.com under the Fund's publicly filed documents.

Brookfield

SCHEDULE "A"
AUDIT COMMITTEE

Terms of Reference

A committee of the board of directors of Brookfield Renewable Power Inc. ("BRPI") to be known as the Audit Committee (the "Committee") shall have the terms of reference set out below.

Membership and Chairperson

Following each annual meeting of shareholders of BRPI, the board of directors of BRPI (the "Board") shall appoint from its number a minimum of three directors to serve on the Committee until the close of the next annual meeting of shareholders of BRPI or until a member of the Committee ceases to be a director, resigns or is replaced, whichever first occurs. Any Committee member may be removed from office or replaced at any time by the Board.

A majority of the Committee members shall be "independent" and "financially literate" within the meaning of the corporate governance guidelines of the applicable regulatory authorities.

The Board shall appoint one of the Committee members as the chairperson of the Committee. If the chairperson is absent from a meeting, the other Committee members shall select a chairperson from those in attendance to act as chairperson of the meeting.

Responsibilities

Financial Reporting and Process Review:

The Committee shall generally assume responsibility for developing the approach of BRPI to the following matters: publicly disclosed financial information; financial accounting and reporting; internal control; risk management and insurance; external audits; and shall review and make recommendations to the Board on all such matters.

The Committee or its chairperson shall also comply with any audit, accounting and disclosure-related responsibilities of the Committee or its chairperson as set forth in BRPI's Code of Business Conduct & Ethics, including reviewing and responding to any inquiries of a financial nature.

The Committee shall:

(i) review and, where appropriate, recommend for approval by or report to the Board on BRPI's interim financial statements, audited annual financial statements, in conjunction with the report of the external auditors; management's discussion and analysis of financial condition and results of operations, and, if applicable, annual and interim earnings press releases before BRPI publicly discloses this information;

(ii) be satisfied that adequate procedures are in place for the review of BRPI's public disclosure documents extracted or derived from BRPI's audited or unaudited financial information, and must periodically assess the adequacy of those procedures;

(iii) review the effectiveness of management's policies and practices concerning financial reporting and any proposed changes in major accounting policies;

(iv) review BRPI's major financial and risk management policies and the steps taken by management to mitigate those risks;

(v) review any report which accompanies published financial statements (to the extent such a report discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves;

(vi) review with management, external auditors and, if necessary, with legal counsel, any matter that could have a material effect upon the financial position or operating results of BRPI, any litigation, claims, tax assessments, transactions or other contingencies as the external auditors or management may bring to its attention and which may have a material impact on financial results or which may otherwise adversely affect the financial well-being of BRPI or its subsidiaries and the manner in which these matters will be disclosed;

(vii) review all proposed related party transactions and situations involving a conflict of interest that are not required to be dealt with by an "independent special committee" pursuant to applicable securities law rules (and where appropriate under applicable laws, the Committee may sit as an independent special committee);

(viii) establish procedures for:

a. the receipt, retention and treatment of complaints received by BRPI regarding accounting, internal accounting controls, or auditing matters; and

b. the confidential anonymous submission by employees of BRPI of concerns regarding questionable accounting or auditing matters;

(ix) consider any other matters of a financial nature as directed by the Board or which, in its judgment, should be taken into account in reaching its recommendation to the Board; and

(x) review and monitor the controls and procedures within BRPI to maintain its integrity including its disclosure controls and procedures, its internal controls and procedures for financial reporting and compliance with its code of ethics.

External Auditors:

The external auditors of BRPI shall report directly to the Committee.

The Committee shall have the following responsibilities in relations with the external auditors:

(i) to recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for BRPI, subject to ratification by the

shareholders of BRPI as required, and the approval of the fees and expenses of such external auditors;

(ii) to oversee the work of the external auditor, review the terms of the engagement letter and resolve disagreements between management and the external auditor on financial reporting;

(iii) to receive, at least annually, a report from the external auditors on their independence and to review any relationships between the external auditors and BRPI or any other relationships that may adversely affect the independence of the external auditors and, based on such review, to assess their independence;

(iv) to determine, through discussions with the external auditors, that no restrictions were placed by management on the scope of their examination or on its implementation;

(v) to approve BRPI's policy on non-audit related work by its external auditors, including BRPI's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of BRPI, and pre-approve or reject any proposed non-audit related work to be conducted by the external auditors for BRPI; and

(vi) to meet with the external auditors in private sessions, at least annually, to review any matters arising from their annual audit.

Internal Auditors:

The internal auditors of Brookfield Asset Management Inc. shall report functionally to the chairperson of the Committee on internal audit matters relating to BRPI.

The Committee shall have the following responsibilities with respect to the internal auditors of Brookfield Inc.:

(i) to oversee the work of the internal auditors on matters relating to BRPI;

(ii) to receive, at least annually, a report from the internal auditors on matters relating to BRPI;

(iii) to meet with the internal auditors in private sessions, at least annually, to review any matters arising from their annual audit relating to BRPI and any issues or concerns relating to the external audit.

The Committee shall report to the Board on its proceedings, reviews undertaken and any associated recommendations.

Meetings

Meetings of the Committee may be called by the chairperson of the Committee or the chair of the Board. Meetings will be held each quarter. Special meetings may be held at the request of any Committee member, or at the request of the external auditors or the Board.

The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the Committee members from time to time.

Unless otherwise determined by the Board, the Committee shall have the power to fix its quorum and to regulate its procedure.

Notice of each meeting shall be given to each Committee member and to the chair of the Board. Notice of meeting may be given verbally or by letter, telex, telegram, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Committee members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.

Matters decided by the Committee shall be decided by majority vote.

The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussions and consideration of the affairs of the Committee.

The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

Adopted February 24, 2009