

BRASCAN POWER INC.

Renewal Annual Information Form

March 31, 2005

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GLOSSARY OF TERMS

The following terms used in this Annual Information Form (“AIF”) have the meanings set forth below unless otherwise indicated.

All figures in this AIF are in Canadian dollars unless otherwise noted.

“**BEMI**” means Brascan Energy Marketing and includes Brascan Energy Marketing Inc. and Brascan Energy Marketing LP, both affiliates of the Company.

“**Brascan**” means Brascan Corporation.

“**Brascan Power**” means Brascan Power Inc. (formerly Great Lakes Power Inc.) and, unless the context otherwise requires, its subsidiaries.

“**CPI-W**” means the U.S. Department of Labor Consumer Price Index.

“**DBRS**” means Dominion Bond Rating Service Limited.

“**Debentures**” means collectively \$450,000,000 principal amount of 4.65% Series 1 Debentures due December 16, 2009 and \$100,000,000 principal amount of Series 2 floating rate debentures due December 18, 2006.

“**FERC**” means the Federal Energy Regulatory Commission.

“**Fund**” means Great Lakes Hydro Income Fund.

“**GW**” or “**gigawatt**” means one billion watts (one thousand megawatts).

“**GWh**” means a gigawatt hour (being a unit of electrical energy equivalent to one gigawatt of energy delivered continuously for one hour).

“**Guarantee**” means the guarantee agreement made as of December 16, 2004 between Brascan Power and the Trustee.

“**IESO**” means the Independent Electricity System Operator (formerly the Independent Electricity Market Operator) in Ontario.

“**Indenture**” means collectively the trust indenture dated December 16, 2004 between Brascan Power Corporation, BNY Trust Company of New York and the Trustee and the amended and restated first supplemental trust indenture dated January 26, 2005 between Brascan Power Corporation and the Trustee.

“**Investment Portfolio**” means the portfolio of securities, and long-term corporate investments, which are held by Brascan Power.

“**kv**” means one thousand volts.

“**kw**” means one thousand watts.

“**MW**” or “**megawatt**” means one million watts.

“**New York Hydro Assets**” means the 71 hydroelectric power generating plants and the cogeneration facility acquired by Brascan Power in upstate New York.

“**NYC**” means New York City.

“**NYISO**” means the New York Independent System Operator.

“**OEB**” means the Ontario Energy Board.

“**OEFC**” means Ontario Electricity Financial Corporation.

“**On-Peak Hours**” means 7:00 a.m. to 11:00 p.m. Monday to Friday, except statutory holidays, in Ontario.

“**OPG**” means Ontario Power Generation Inc.

“**PPA**” means a long-term fixed-price power purchase agreement.

“**Reorganization**” means the transfer of all assets and liabilities of Brascan Power, except the Investment Portfolio, to Brascan Power Corporation.

“**S&P**” means Standard and Poor’s Rating Service.

“**TW**” or “**terrawatt**” means one trillion watts (one thousand GW).

“**TWh**” means a terrawatt hour (being a unit of electrical energy equivalent to one terrawatt of energy delivered continuously for one hour).

“**Trustee**” means BNY Trust Company of Canada.

“**watt**” means an electrical unit of power.

DESCRIPTION OF THE BUSINESS

The Company

Brascan Power Inc. (formerly Great Lakes Power Inc.) (“Brascan Power”) was continued under the laws of the Province of Ontario by Certificate and Articles of Continuance dated December 22, 1980. The articles of Brascan Power were subsequently amended to change its authorized capital, its objectives, its name and the number of its directors. Brascan Power is not listed on any stock exchange but it is a reporting issuer with publicly held debt. Brascan Power’s head and registered office is at BCE Place, 181 Bay Street, Suite 300, P.O. Box 762, Toronto, Ontario, M5J 2T3. Brascan Power is a wholly-owned subsidiary of Brascan. Brascan is an asset management company listed on the Toronto Stock Exchange (symbol: BNN.LV.A) and New York Stock Exchange (symbol: BNN), focused on the real estate and power generation sectors. With direct investments of US\$19 billion and a further US\$7 billion of assets under management, Brascan owns interests in over 70 premier office properties in North America and London, U.K. and 120 power generating plants. Brascan’s stated objective is to earn a superior return on equity by generating consistent and sustainable cash flows.

Brascan Power owns or operates all of Brascan’s power operations which consist of 117 hydroelectric power generating stations located on 35 river systems and 3 cogeneration plants with an installed capacity of 2,622 MW. Brascan Power will generate on average approximately 10,500 GWh of electricity per year.

Brascan Power has power operations in the regionally interconnected markets of Ontario, New York, Québec and New England, other power operations in British Columbia, Louisiana and Brazil, and a regulated electrical transmission and distribution business in Ontario which consists of approximately 726 km of 44-kv to 230-kv transmission lines and includes a low voltage distribution system consisting of approximately 1,700 km of low voltage lines and 11 distribution stations that service approximately 11,500 customers.

Some of Brascan Power’s assets are owned through Great Lakes Hydro Income Fund (the “Fund”), a publicly traded reporting issuer on the Toronto Stock Exchange (symbol: GLH.UN) of which Brascan Power owns a 50.1% interest.

The following is a summary of Brascan Power’s power generating operations as at December 31, 2004.

<u>Region</u>	<u>Power Operation</u>	<u>Ownership</u>	<u>River Systems</u>	<u>Generating Stations</u>	<u>Generating Units</u>	<u>Installed Capacity⁽¹⁾ (MW)</u>	<u>Long-term Average Generation⁽²⁾ (GWh)</u>
Ontario.....	Mississagi Power*	100%	1	4	8	488	750
	Sault Power	100%	2	5	11	203	906
	Wawa Power	100%	3	8	12	156	756
	Lake Superior Power	100%	0	1	3	110	850 ⁽⁴⁾
				6	17	34	957
New York	Hudson River Power	100%	4	12	34	237	915
	St. Lawrence River Power	100%	5	30	55	223	1,096
	Lake Ontario Power	100%	5	29	78	214	892
	Carr Street	100%	0	1	3	105	30

<u>Region</u>	<u>Power Operation</u>	<u>Ownership</u>	<u>River Systems</u>	<u>Generating Stations</u>	<u>Generating Units</u>	<u>Installed Capacity⁽¹⁾ (MW)</u>	<u>Long-term Average Generation⁽²⁾ (GWh)</u>
			14	71	170	779	2,933
Québec	Lièvre River Power*	100%	1	3	10	238	1,418
	Pontiac Power	100%	2	2	7	28	210
			3	5	17	266	1,628
New England	Maine Power*	100%	2	7	32	129	748
	New Hampshire Power*	100%	1	8	25	45	262
	White Mountain	100%	0	1	1	25	184
			3	15	58	199	1,194
Louisiana	Louisiana Hydro	75%	1	1	8	192	677
British Columbia....	Powell River Energy*	50%	2	2	7	82	261
	Pingston Power	50%	1	1	3	45	95
			3	3	10	127	50%
Brazil ⁽³⁾	Brascan Energetica	84%	5	5	12	102	432
			35	120	309	2,622	35

(1) Reflects 100% of assets' capacity.

(2) Reflects Brascan Power's proportionate share of generation.

(3) Owned by Brascan and managed by Brascan Power but not included in Brascan Power's consolidated financial statements.

(4) Includes the equivalent generation for project gas sale.

* Brascan Power's effective interest through the Fund is 50.1% of this amount.

Brascan Power conducts all of its energy marketing through a wholly-owned subsidiary, Brascan Energy Marketing ("BEMI") located in Gatineau, Québec. BEMI operates in the wholesale energy markets in both Canada and the United States. BEMI optimizes the revenue of Brascan Power's generating assets by managing their dispatch, selling power in the wholesale markets and entering into short-term financial contracts and PPAs in accordance with Brascan Power's overall business strategy. BEMI's energy marketing activities are closely monitored through a risk management policy to minimize potential transaction risk.

Brascan Power employed approximately 600 people across North America as of December 31, 2004.

Subsidiaries

The following is a list of selected direct or indirect subsidiaries of Brascan Power as at December 31, 2004 indicating the jurisdiction of organization and the percentage of voting securities owned, or over which control or direction is exercised, by Brascan Power.

<u>Name of subsidiaries⁽²⁾</u>	<u>Jurisdiction of Organization</u>	<u>Percentage of Voting Securities Owned or Controlled</u>
Great Lakes Power Limited	Ontario	100%
Great Lakes Hydro Income Fund.....	Québec	50.1%
Great Lakes Power Trust	Québec	100%
Great Lakes Hydro America, LLC.....	Delaware	100%
Errol Hydroelectric Co., LLC.....	New Hampshire	100%
Pontook Operating, Limited Partnership.....	New Hampshire	100%
Brassua Hydroelectric, Limited Partnership	Maine	100%
Mississagi Power Trust.....	Québec	100%
Powell River Energy Inc.....	Canada	50%
Brascan Energy Marketing Inc.....	Ontario	100%
Brascan Energy Marketing LP.....	Ontario	100%
First Toronto Equities Inc.....	Ontario	100%
The Catalyst Group Inc.....	Louisiana	75% ⁽¹⁾
GLE Investments Inc.	Ontario	100%
Great Lakes Holding America Co.....	Delaware	100%
White Mountain Energy LLC	Delaware	100%
Brascan Power New York Corp.....	Delaware	100%
Hydro Pontiac Inc.....	Québec	100%
Waltham Power & Company, Limited Partnership.....	Québec	100%
Coulonge Power & Company, Limited Partnership.....	Québec	100%
Lake Superior Power Limited Partnership.....	Ontario	100%
Pingston Creek Joint Venture	British Columbia	50%
Superior Wind Energy Inc.	Ontario	51%
Valerie Falls Power Limited Partnership	Ontario	100%

(1) Non-voting interests.

(2) Includes only active subsidiaries.

Competitive Strengths

Brascan Power benefits from the following competitive strengths:

Affiliation with Brascan. As a 100% owned subsidiary of Brascan, Brascan Power benefits from the financial strength and managerial expertise of its parent. Brascan considers power generation to be one of its core business segments and is committed to the continued success and growth of Brascan Power's operations.

Storage Capacity. Brascan Power has the equivalent of approximately 2,000 GWh of storage capacity throughout its portfolio, providing the ability to choose which period to use water to produce electricity and to capture higher prices in the market.

Experienced Management Team. The management team has substantial experience and has a consistent track record of successfully growing both its asset base and cash flows.

Interconnected Markets. The majority of Brascan Power's power generating facilities are located in the northeastern U.S. and Canada. The New York, New England, Ontario and Québec power markets 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 Brascan Power to capture pricing arbitrage opportunities that exist between markets.

Energy Marketing Expertise. Brascan Power's centralized energy marketing group works to enhance returns from its existing generation assets while employing a prudent risk management strategy to limit transaction risks. Brascan Power's energy marketing operations also provide valuable market intelligence regarding pricing dynamics, regulatory systems and market participants, which serves to support the growth strategy by targeting the most attractive markets.

Strong Competitive Position. Brascan Power is one of the lowest cost generators of electricity in North America. Brascan Power's generating facilities operate in competitive, 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, Brascan Power's hydroelectric assets are competitively positioned relative to other types of generation supply.

Geographic Diversity. Brascan Power's power generating facilities are located in seven distinct power markets reducing the impact of individual market or regulatory risk. The regional diversity of its hydroelectric plants, located on 35 different river systems, materially mitigates the risk of encountering lower overall hydrology.

Financial Strength and Attractive Debt Maturity Profile. Brascan Power has investment grade issuer ratings from DBRS and S&P. With the intent of preserving these ratings, Brascan Power pursues a conservative approach to its capitalization maintaining a prudent level of low-cost limited recourse project financing and modest levels of corporate debt. The long-life nature of its assets allows Brascan Power to finance these assets with long-term limited recourse debt, with minimal near-term maturities.

REORGANIZATION

Due to the strategic importance of the power business to Brascan and its substantial growth, Brascan believes that it is appropriate to establish a "pure play" power company and that this will lead to enhanced investor clarity and a lower cost of capital. Accordingly, Brascan Power has established Brascan Power Corporation as a subsidiary which will acquire all of its power operations as part of a reorganization (the "Reorganization"). Brascan Power will retain ownership of the non-core Investment Portfolio that is not related to the power operations.

The power operations will be transferred to Brascan Power Corporation as applicable regulatory consents are obtained. It is expected that the Reorganization will be completed within the next three years. Brascan Power expects to liquidate the Investment Portfolio over time, with the proceeds used to fund acquisitions and capital expenditures by its subsidiaries. The monetization of the Investment Portfolio will be executed in such a manner as to ensure the existing credit profile of Brascan Power is maintained. It is expected that Brascan Power will be wound up once the Reorganization is complete provided that this does not result in any specific reduction in credit ratings.

RECENT DEVELOPMENTS

Brascan Power's primary emphasis since 1990 has been the development and expansion of its power generating business. The following is a summary of developments since January 1, 2001.

On February 28, 2001, the shareholders of Brascan Power's predecessor, Great Lakes Power Inc., approved at a Special Meeting a going private transaction proposed by that company's principal shareholder Brascan. Pursuant to this offer, Brascan acquired in February 2001 the outstanding 4.3 million publicly held common shares of Great Lakes Power Inc. in exchange for approximately \$250,000 in cash and 3.9 million publicly held common shares of Great Lakes Power Inc. in exchange for approximately \$250,000 in cash and 3.9 million Class A Limited Voting Shares of Brascan. A successor private company was established on March 2, 2001 to carry on the affairs of the public company under the name Great Lakes Power Inc. As a result of this transaction, Brascan Power is no longer listed on the Toronto Stock Exchange or on any other public securities market. Brascan Power, however, continues as a reporting issuer in Canada and the United States since it has issued public debt in the United States.

In February 2001, Brascan Power acquired, through the Fund, a 50% interest in Powell River Energy in British Columbia, which owns two hydroelectric stations with an aggregate installed capacity of 82 MW and related transmission facilities having a total cost of \$113 million.

In December 2001, Brascan Power maintained its 50% interest in the Fund following a public offering of 11,286,000 units of the Fund.

In February 2002, Brascan Power acquired, through the Fund, a hydroelectric generating system in northern Maine for US\$156.5 million. This system includes six hydroelectric generating stations with a combined generating capacity of 126 MW and related transmission facilities.

In May 2002, the Fund filed a preliminary prospectus for the issue of 14,700,000 units. Brascan Power purchased 50% of the issued units and thereby maintained its 50% ownership interest in the Fund. The other units in the Fund are currently held by the public.

In May 2002, Brascan Power acquired, through the Fund, four hydroelectric generating stations located on the Mississagi River in northern Ontario with a combined generating capacity of 488 MW from Ontario Power generation ("OPG") for \$346 million.

Also in May 2002, Brascan Power acquired through the Fund six hydroelectric generating stations in northern New Hampshire having a combined generating capacity of 31 MW for US\$33 million.

In November 2002, Brascan Power increased its ownership in Lake Superior Power from 50% to 100% by acquiring from its partner, Duke Energy, its 50% interest for \$67 million.

On December 20, 2002, Brascan Power purchased 100 additional units in the Fund. As a result Brascan Power now owns approximately 50.1% of the Trust Units of the Fund.

In April 2003, the new Robert A. Dunford generating station in northern Ontario started commercial operations. This 45 MW \$75 million redevelopment project, which started construction in December 2001, replaces an older 27 MW facility and is expected to enhance Brascan Power's peak period generating capability in Ontario.

Also in April 2003, the 30 MW Pingston Creek generating station in British Columbia was substantially completed. This 30 MW \$65 million project was developed in a 50/50 joint venture with Canadian Hydro Developers Inc. and commenced commercial operations in May 2003.

In May 2003, Brascan Power acquired an additional 35% in Valerie Falls Limited Partnership, through the purchase of 100% of Seine River Power Inc., the limited partner.

In May 2003, Brascan Power completed the expansion of the power interconnection between its Maine Power system and the New England power grid through the construction of a new 24 mile, 115 kilovolt transmission line at a cost of US\$17 million. This expansion increased the capacity of the interconnection from 20 MW to 130 MW.

In 2003, Brascan Power initiated the approval process for the construction of a new 9 MW hydroelectric station at its Cedar Falls dam on the Lièvre River in Quebec. Approval of this \$24 million project was obtained in 2003 for expected completion in June 2005.

In June 2003, Brascan Power completed a \$384 million 6.6% senior bond issue due June 16, 2023, secured by certain of its hydroelectric generating and transmission assets in northern Ontario. In July 2003, Brascan Power issued a further \$115 million 7.8% subordinated bonds secured by these assets.

In 2003, Brascan Power completed development of three hydroelectric generating stations in southern Brazil, with a combined generating capacity of 60MW.

In November 2003, Brascan Power completed a \$175 million 6.9% private placement bond issue. The bonds are secured by the Mississagi Power assets in Northern Ontario.

Also in November 2003, Brascan Power acquired through the Fund three hydroelectric stations in New Hampshire and Maine with a combined generating capacity of 16.5 MW for approximately US\$28 million. This acquisition increased Brascan Power's total generating power capacity to 1,761 MW.

In January 2004, Brascan Power acquired, through its Brazilian affiliate, Brascan Energetica S.A. ("Brascan Energetica"), two hydroelectric stations in Brazil with a combined capacity of 40 MW, for US\$28 million (80 million Reais).

In the first quarter of 2004, Brascan Power completed the construction of a US\$34 million 25 MW natural oil-fired cogeneration facility in New Hampshire. The electricity and steam produced by this facility will be provided to the pulp and paper facilities of Nexfor Inc., an affiliate of Brascan in Berlin/Gorham, under a 10-year tolling agreement.

In April 2004, Brascan Power received approval from the Ontario Energy Board ("OEB") to proceed with a \$85 million upgrade of its transmission line in northern Ontario. The project includes the replacement of 164 km of transmission line and related transformer station modifications. In addition to the upgrade, the new line will also be equipped with a fiber optic communications cable to complete the link between Sault Ste. Marie and Wawa for improved data transmission and communications among Brascan Power's facilities in the region. This initiative will increase the overall reliability and power flow capacity of this portion of Brascan Power's northern Ontario transmission system. This project is expected to be fully commissioned by the end of 2005.

In August 2004, Brascan Power repaid \$175 million of its unsecured term debentures.

In September 2004, Brascan Power completed a \$77 million 4.394% private placement bond issue. The bonds are secured by the Lake Superior Power assets in Northern Ontario.

In September 2004, Brascan Power acquired 71 hydroelectric power generating plants, totaling 674 MW of capacity, and a 105 MW cogeneration facility in upstate New York, from Reliant Energy Inc. for US\$881 million after post-closing adjustments (the "New York Hydro Assets"). These hydroelectric power plants generate approximately 3,000 GWh of energy annually. This acquisition represented Brascan Power's entry into the New York power market and complemented its existing generation portfolio in the northeastern U.S. For more information, please see the Business Acquisition Report that was filed on SEDAR on December 10, 2004. Also in September 2004, Brascan Power completed a US\$500 million bridge term loan facility secured by the majority of the New York Hydro Assets.

In November 2004, Brascan Power was successful in both proposals it submitted as a part of the Government of Ontario's request for proposal for renewable energy. Both the Prince wind farm, with an expected capacity of 99 MW to be located in Sault Ste. Marie, Ontario, and the Blue Highlands wind farm, with an expected capacity of 50 MW to be located near Collingwood, Ontario, were chosen as recipients of a 20-year PPA with the Ontario Electricity Financial Corporation ("OEFEC"). This agreement may be transferred to the Ontario Power Authority. The Prince wind farm is expected to be in service in 2006 and the Blue Highlands wind farm is expected to be in service in 2007.

In December 2004, Brascan Corporation, through its subsidiary Brascan Energetica signed an agreement to acquire six hydroelectric power plants with a combined installed capacity of 76 MW, from Companhia de Forca Luz Cataguazes Leopoldina ("CFLCL") in Brazil for R\$250.2 million, equivalent to approximately Cdn\$115 million. The six facilities will be operated by Brascan Energetica. All power generated by these facilities is under long-term contract with CFLCL with an average term exceeding 20 years. The transaction is expected to close in the second quarter of 2005, conditional to approvals by the regulatory authority and lenders.

In December 2004, Brascan Power Corporation raised \$500,000,000 through the issuance, on a private placement basis of the Debentures. A syndicate of underwriters led by RBC Dominion Securities Inc. and CIBC World Markets Inc. placed \$400,000,000 of Series 1 Debentures and a syndicate of underwriters led by RBC Dominion Securities Inc. and TD Capital Markets Inc. placed \$100,000,000 of Series 2 FRN Debentures. The proceeds of that offering were used to repay intercompany debt and for general corporate purposes.

In December 2004, Brascan Power and Emera Inc., announced they , in a 50-50 joint venture, had entered into an agreement to acquire Bear Swamp, a 589 megawatt pumped storage hydro-electric generating facility in northern Massachusetts, for a total of US\$92 million. Bear Swamp is located on the Deerfield River in northern Massachusetts. The facility sells energy, capacity and ancillary products to the New England Power Pool. Both Emera and Brascan Power intend to finance the acquisition out of available financial resources. The transaction is conditional on approvals of regulatory agencies and is expected to close in the second quarter of 2005.

In December 2004, Bellows Falls Power Company, a 50-50 joint venture between Brascan Power Inc. and Emera Inc., announced it entered into an agreement to lease the 49 megawatt Bellows Falls hydroelectric generating facility, located on the Connecticut River in Vermont, from the town of Rockingham, following the town's acquisition of the facility. Bellows Falls Power Company will pay US\$72 million to lease the facility for up to 74 years. The transaction is expected to close in the second quarter of 2005, pending regulatory approvals.

In mid January 2005 Brascan Power acquired an additional 15.4 MWs of capacity in the State of Maine by the acquisition of the leasehold interests in the Hydro-Kennebec Project and an additional 7.5

MW of capacity in the State of New York by the acquisition of the leasehold interests in the West Delaware Tunnel Outlet Project.

In January 2005 Brascan Power Corporation raised \$50,000,000 through the issuance, on a private placement basis, of the additional Series 1 debentures on the same terms and conditions as the original Series 1 debentures issued in December 2004. A syndicate of underwriters led by RBC Dominion Securities Inc. and CIBC World Markets Inc. placed the \$50,000,000 of additional Series 1 debentures. The proceeds of that offering were used for general corporate purposes.

In late January 2005 Brascan Power announced its had entered into an agreement to acquire the 28 MW Piney Project located on the Clarion River in Pennsylvania and the 20 MW Deep Creek Project on the Youghiogheny River in Maryland for US\$42 million. This transaction is conditional on approvals of regulatory agencies and is expected to close in the second quarter of 2005.

CURRENT OPERATIONS

Ontario Operations

Wawa Power

Wawa Power is located in northern Ontario. It includes eight generating stations located on three river systems: the Magpie River, the Michipicoten River and the Seine River. The installed capacity of Wawa Power is 156 MW including the 45 MW Dunford Generating Station on the Michipicoten River commissioned in 2003 to replace the 28 MW High Falls operating station. Wawa Power also includes the 10 MW Valerie Falls facility on the Seine River which is party to a PPA dated June 1992 with the OEFC and expires on December 31, 2042. Under the terms of the PPA, OEFC has agreed to purchase all of the power produced by the facility according to a fixed-price schedule indexed to the Ontario Consumer Price index. Power produced by all the other facilities in Wawa Power is bid into the Independent Electricity System Operator (formerly the Independent Electricity Market Operator) (“IESO”) administered market.

Sault Power

Sault Power is located in northern Ontario near Sault Ste. Marie. It includes five generating stations located on two river systems: the Montreal River and the St. Mary’s River. The installed capacity of Sault Power is 203 MW. All power produced by Sault Power is bid into the IESO administered market.

Mississagi Power

Mississagi Power is located in northern Ontario. It includes four generating stations on the Mississagi River, with an installed capacity of 488 MW. The power system was built mostly in the 1960’s by Ontario Hydro to supply peak energy to the province. It was acquired by the Fund in 2002 from OPG for \$346 million. All power produced by the Mississagi Power system is bid into the IESO administered market. In order to remove the market risk exposure to the Fund, BEMI purchases all the power produced by Mississagi Power at a fixed-price. The fixed-price is escalated annually by 20% of the Statistics Canada Consumer Price Index.

Lake Superior Power

Lake Superior Power is located in Sault Ste. Marie, Ontario. This combined cycle cogeneration facility with 110 MW of capacity was built in partnership with Westcoast Power and commenced production in 1993. It uses two aero-derivative natural gas-driven turbines and one steam turbine to generate electricity. Low-pressure steam is also available for sale to industrial customers. Lake Superior Power is party to a 20-year PPA with OEFC, which expires in 2014, under which OEFC has agreed to purchase all of the electric power produced by the facility according to a fixed-price schedule, subject to OEFC's periodic right to require Lake Superior Power to curtail production within certain limits. Lake Superior Power has entered into gas supply agreements with each of Petro-Canada Inc. and Talisman Energy Inc. for the purchase of natural gas required to run the facility. The agreements expire on January 1, 2009 and November 1, 2008, respectively, and are extendible on a year-to-year basis if mutually agreed upon by the parties. Lake Superior Power has also entered into transportation agreements with TransCanada PipeLines Limited and Union Gas Limited for the transportation of natural gas to the facility.

Transmission and Distribution

Brascan Power's transmission and distribution operations in Ontario include approximately 726 km of 44-kv to 230-kv transmission lines and comprise part of the IESO administered grid and include a low voltage distribution system consisting of approximately 1,700 km of low voltage lines and 11 distribution stations that service approximately 11,500 customers. Daily operation of the transmission and distribution business is conducted from Brascan Power's control centre located in Sault Ste. Marie, Ontario. Brascan Power's transmission and distribution business is a regulated utility that earns regulated cash flows under a cost of service framework that serves to provide additional overall stability to its cash flows.

New York Operations

St. Lawrence River Power

St. Lawrence River Power is located in upstate New York. It includes 30 hydroelectric generating facilities located on five river systems with a total installed capacity of 223 MW. All the facilities are operated remotely through Brascan Power's control center located in Liverpool, New York. Federal Energy Regulatory Commission ("FERC") licenses for the St. Lawrence River Power facilities have an average duration of 21 years and St. Lawrence River Power has access to 71 GWh of storage capacity. All power produced by the facilities is bid into the New York Independent System Operator ("NYISO") to be scheduled and dispatched.

Lake Ontario Power

Lake Ontario Power consists of 29 hydroelectric generating facilities located in upstate New York on five river systems. The installed capacity of the systems is 214 MW. All the facilities are operated remotely through Brascan Power's control center located in Liverpool, New York. FERC licenses for the Lake Ontario Power facilities have an average duration of 22 years. Lake Ontario Power has access to 144 GWh of storage capacity. All power produced by the facilities is bid into the NYISO.

Hudson River Power

Hudson River Power consists of 12 hydroelectric generating facilities located in upstate New York on 4 river systems. The installed capacity of the system is 237 MW. All the facilities are operated remotely from Brascan Power's control center in Liverpool, New York. FERC licenses for the Hudson River Power facilities have an average duration of 38 years and Hudson River has access to 278 GWh of storage capacity. All power produced by the facilities is bid into the NYISO.

Carr Street

Carr Street is a 105 MW dual-fired cogeneration station located in East Syracuse, New York. It was built in 1993 and features two General Electric LM 6000 aero-derivative combustion turbines capable of firing natural gas or No. 2 fuel oil and one steam turbine. This facility is predominately used to meet power needs at times of peak demand. Carr Street does not have long-term gas supply contracts and is party to a long-term non-firm gas transportation agreement with Niagara Mohawk. All power produced by the facilities is bid into the NYISO.

Québec Operations

Lièvre River Power

Lièvre River Power consists of three generating stations on the Lièvre River having a combined generating capacity of 238 MW. Water for these facilities is stored primarily at three reservoirs located upstream on the Lièvre River and two of its tributaries, which are owned and operated by the Government of Québec. This system has four interconnections with the Québec power grid and two with the Ontario power grid. All power produced by the facilities can be exported to the Ontario power grid.

Lièvre River Power was acquired by the Fund in November 1999 for \$320 million at which time Brascan Power entered into a Power Agency and Guarantee Agreement with the Fund, expiring in 2019, under which Brascan Power guarantees that the Fund will receive a guaranteed price for all electricity produced and delivered by the Lièvre River Power system, except in certain limited circumstances. Brascan Power acts as the Fund's exclusive agent in respect of sales of electricity and provides sales, scheduling, dispatching and transmission services.

More than half of the power produced by Lièvre River Power is contracted to a newsprint mill located in Gatineau, Québec under a contract expiring in 2008. Remaining power is sold to Brascan Power at the guaranteed price and resold by Brascan Power in the IESO administered market in Ontario. Power may also be delivered into the New England or New York markets through the Hydro-Québec transmission network.

Pontiac Power

Pontiac Power consists of two hydroelectric generating stations on tributaries of the Ottawa River in western Québec, with a combined generating capacity of 28 MW. The 11 MW Waltham station is located on the Noire River and the 17 MW Coulonge station is located on the Coulonge River. Pontiac Power has entered into power contracts with Hydro-Québec for the sale of all power produced by the facilities at rates which increase annually according to the increase in the Canadian Consumer Price Index for the preceding year. The contracts have 25 year terms, expiring in 2020 and 2019, respectively.

New England Operations

Maine Power

Maine Power includes seven hydroelectric facilities containing 32 generating units with an aggregate installed capacity of 129 MW. Six of the facilities, with an installed capacity of 126 MW, are located on the Penobscott River in northern Maine. Those facilities were acquired in 2002 by the Fund for US\$156.5 million. All power produced from those facilities is sold to Brascan Power at a price which is escalated annually by 20% of the US Department of Labor Consumer Price Index (“CPI-W”) increase until 2022. Brascan Power resells that power to a paper mill owned by Brascan under a 10-year contract expiring in 2012. The system is interconnected with the New England grid through a 115 kv transmission line and all power produced by the facility can be delivered to the grid.

The other facility was acquired in November 2003 by the Fund, is on the Moose River and has an installed capacity of 3 MW. All power produced by the facility is sold under contract to Central Maine Power Company. The contract expires in 2009. The lease for the facility expires in 2012.

New Hampshire Power

New Hampshire Power’s generating facilities include eight hydroelectric facilities containing 25 generating units with an aggregate installed capacity of 45 MW. Six of these facilities, having an aggregate capacity of 31 MW, are located on the Androscoggin River. They were acquired by the Fund in 2002 for US\$33 million. All power produced by these facilities is sold to Brascan Power under a 20-year PPA at a price which is escalated annually by 20% of the CPI-W increase until 2022. Brascan Power sells this power to a paper mill located in Berlin, New Hampshire owned by Fraser Papers Inc. (“Fraser Papers”), an affiliate of Brascan Power, under a PPA expiring in 2012.

In November 2003, the Fund acquired two more facilities located on the Androscoggin River in New Hampshire. The Errol facility has an installed capacity of 3 MW. All power produced by this facility is sold to Public Service of New Hampshire under a contract that expires in 2023. The lease for that facility expires in 2023. The Pontook facility has an installed capacity of 11 MW. All power produced by the facility is sold to Brascan Power under a 20-year PPA which expires in 2023. Brascan Power resells this power into the New England power market.

White Mountain

During the first quarter of 2004, Brascan Power completed the construction of a 25 MW cogeneration facility in Berlin/Gorham, New Hampshire which will provide electricity and steam for sale to a nearby pulp and paper facility owned by Fraser Papers under a 10-year tolling agreement. All costs to operate White Mountain are paid by Fraser Papers. White Mountain receives a capacity payment and an energy payment on a monthly basis.

British Columbia Operations

Pingston Creek Power

Pingston Creek Power is a joint venture between Brascan Power and Canadian Hydro Developers Inc. In 2001, the joint venture commenced construction of the 30 MW Pingston Creek hydroelectric generating station located near the town of Revelstoke, in south central British Columbia. The facility was commissioned in 2003. Brascan Power and Canadian Hydro Developers Inc. installed a

third unit at the facility, increasing its capacity to 45 MW in 2004. All power produced by the facility is sold under a 20-year PPA to British Columbia Hydro and Power Authority.

Powell River Energy

In February 2001, Powell River Energy acquired two hydroelectric generating stations with seven generating units having a combined generating capacity of 82 MW and related transmission facilities from Norske Skog. These facilities are located near Powell River, British Columbia. Powell River Energy is owned 50% by the Fund, and 50% by Norske Skog.

The Powell River generating station comprises three powerhouses with five generating units. The Lois Lake generating station consists of one powerhouse with two generating units. Water for these stations is stored in two large lakes: Powell Lake, which is approximately 26 miles in length and Lois Lake, which together with three interconnected lakes is approximately 10 miles in length. Power from the Lois Lake station is delivered via 12 miles of transmission lines, owned by Powell River Energy, to a distribution system in Powell River. These facilities are interconnected to the British Columbia power grid.

All electricity generated by Powell River Energy is sold to Norske Skog pursuant to a 10-year PPA dated January 31, 2001. Norske Skog must purchase all the energy delivered on a first priority basis before purchasing or otherwise receiving any other energy for its pulp and paper mill in Powell River.

Louisiana Operations

Louisiana Hydro

Louisiana Hydro operates a hydroelectric generating station and flood and sediment control facility on a diversion of the Mississippi River near the Town of Vidalia, Louisiana, north of Baton Rouge. Brascan Power holds a 75% residual interest in the facility. The hydroelectric generating station, known as the Sidney A. Murray, Jr. Generating Station, is located on a man-made channel which diverts water from the Mississippi River to the Red and Atchafalaya Rivers five miles away. The station uses the natural difference in elevation between these two river systems to generate electricity. It contains eight turbines with an installed capacity of 192 MW, making it one of the largest run-of-the-river stations in the world. The facility and inflow channel form an integral part of the U.S. Army Corps of Engineers' flood and sediment control system for the lower Mississippi River. 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. This agreement expires on December 31, 2031.

Substantially all of the power produced by the facility is sold to Entergy Louisiana, Inc. ("Entergy"), a wholly owned subsidiary of Entergy Inc., under a long-term PPA based on a predetermined price schedule on a "pay if delivered" basis expiring on December 31, 2031. The remaining power is sold directly to the Town of Vidalia pursuant to a PPA with substantially similar terms. Both agreements have been approved by the Louisiana Public Service Commission. The FERC license to operate the facility is held jointly by Louisiana Hydro and the Town of Vidalia and expires in December 2031. The transmission lines and the accompanying right-of-way to Entergy's substation are governed by an agreement with the Town of Vidalia.

Brazilian Operations

Brascan Energetica

Brascan Energetica conducts Brascan's power operations in Brazil. In 2003, Brascan Energetica completed the construction of 3 hydroelectric power plants with combined installed capacity of 61 MW. In 2004, Brascan Energetica acquired 2 existing hydroelectric power plants with a combined installed capacity of 41 MW.

The power plants are operated from a central control room in Curitiba in the state of Parana, in the south of Brazil. The plants are on different river systems: two are in the state of Parana, in southern Brazil, one is in the state of Rio Grande do Sul, in southern Brazil, and two are in the state of Minas Gerais, in the southeast of Brazil. Each of the plants has PPAs with end-use customers or local distribution companies for all power generation produced by the plants. The average term of these PPAs is 14.5 years.

Health and Safety

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

- Responsibility and accountability for safety performance at all levels of the organization.
- 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 Brascan Power's operations.
- The right and the responsibility of every employee to contribute to safe work performance.
- Prevention through the proactive application of a comprehensive safe work management system.

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

Environmental Matters

Brascan Power's environmental practices are based on the fundamental values of accountability, partnership and open communication. Brascan Power accepts the responsibility entrusted to it to manage natural resources in ways that ensure sustainable development. In the past 5 years, Brascan Power has not been notified of any material environmental damage claims or breaches of environmental law with potential material negative impact to the environment. Brascan Power's approach protects and enhances the ecosystems and communities affected by its activities. Brascan Power recognizes and is committed to the following environmental principles:

- Meet or exceed legislated 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 associated with operations and plan for emergency situations.
- Integrate environmental, public and socio-economic considerations into business processes.
- Ensure efficiency of operations and activities in the use of natural resources.
- Exercise leadership by encouraging and training employees at all levels to follow the environmental stewardship associated with their responsibilities.
- Maintain environmental management systems that support this policy and ensure continual improvement.

Brascan Power is committed to the environmentally responsible management of its assets. Developments in the last 15 years have all been subjected to full environmental assessment studies. Public information meetings have been held in order to identify concerns and appropriate actions were taken to address those concerns. Projects constructed prior to this period have been fully audited and mitigation steps have been instituted, where necessary, to bring all plants to accepted standards. Expenditures on environmental compliance are minimal due to the nature of the assets held and are included in Brascan Power's 20-year capital and maintenance program.

Environmental Regulation s

The development of hydroelectric resources and the construction and operation of power projects are subject to extensive federal, provincial and state laws and regulations adopted for the protection of the environment. The laws and regulations applicable to Brascan Power's operations primarily involve permits required for the construction of the projects. These permits often contain conditions that require Brascan Power to assess and, where possible, mitigate environmental impacts.

Many of Brascan Power's hydroelectric generating stations were built before strict environmental laws and regulations came into effect. Since approximately 1980, Brascan Power's development projects have been subject to an environmental assessment process, which includes public information meetings, full environmental impact studies and requirements to take appropriate actions to allay public concerns and environmental impacts where possible.

Non-compliance with environmental laws and regulations, or with conditions contained in environmental permits and approvals, can result in the imposition of substantial fines or other penalties. In some cases, environmental laws may also impose clean-up or other remedial obligations, or an obligation to mitigate environmental impacts from projects.

Investment and Securities Portfolio

Brascan Power maintains a portfolio of securities, and long-term corporate investments, which are held to generate additional cash flow on a tax-effective basis (the "Investment Portfolio"). After the effective date of the Reorganization, the Investment Portfolio will be the only asset held by Brascan Power. It will not be transferred to Brascan Power Corporation. As at December 31, 2004, the aggregate book value of the Investment Portfolio was \$789 million.

Brascan Power's securities portfolio is comprised primarily of preferred shares of associated companies. The book value of Brascan Power's securities portfolio by business sector as at December 31, 2004 compared to prior years is summarized below:

<i>(\$ millions)</i>	Dec. 31 2004	Dec. 31 2003	Dec. 31 2002
Property	\$60	\$151	\$160
Natural resources.....	43	126	161
Financial services & diversified	204	242	199
Promissory notes	<u>166</u>	=	=
Other	<u>25</u>	<u>25</u>	<u>70</u>
	<u>\$501</u>	<u>\$544</u>	<u>\$590</u>

The book values of Brascan Power's principal long-term investments as at December 31, 2004 compared to prior years are shown below:

<i>(\$ millions)</i>	Dec. 31 2004	Dec. 31 2003	Dec. 31 2002
Brascan Corporation	\$195	\$195	\$195
Noranda Inc.	—	146	146
Other investments	<u>93</u>	<u>103</u>	<u>218</u>
	\$288	\$444	\$559

Investment income from Brascan Power's preferred shareholdings varies only with the amount invested as the rate of return is fixed. Other investment income is sensitive to interest rate changes.

THE NORTH AMERICAN ELECTRICITY INDUSTRY

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 afforded, 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 the regulator, or opportunities have materialized through consolidation or rationalization.

Electricity Demand and Dispatch

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 (such as industrial demand); (ii) an intermediate component reflecting the generally higher demand for electricity during daylight hours (commercial, industrial and residential demand for lighting, computers, etc.); 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 exploited by low-cost responsive generation assets.

Competitive Dispatch of Generating Assets in Deregulated Markets

In order for electricity demand to be adequately satisfied by electricity supply in competitive markets, the various market operators (IESO in Ontario, NYISO in New York State or the New England Independent System Operator in New England) 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 capacity into the market based on a demand curve which has been established by the system operator, dictating the capacity that will be required in order to meet expected demand. As the 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 capacity required to meet demand is filled by the bidding generators. The generator who is able to fill the last remaining block of capacity at the lowest price becomes the price setter for the market and establishes the Market Clearing Price (“MCP”). Once the MCP has been established, all generators who are dispatched (i.e. those who bid at or below the MCP) are paid the MCP by the system operator.

When demand substantially exceeds supply, the marginal unit moves farther to the right, which indicates that the MCP is rising as demand is being satisfied with higher priced generation. Hydroelectric facilities with storage capacity, such as Brascan Power’s assets in Ontario and certain of its facilities in New York, 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.

Hydroelectric plants in competitive markets have significant advantages given their comparatively low-cost of producing electricity. The relative competitiveness of different generation technologies is determined by scale, operating flexibility and fixed and variable operating costs.

Electricity Price Drivers

In competitive electricity markets, power prices can fluctuate significantly due to a number of factors:

- Demand — amount of energy consumers require at a given time. This varies by time of day, by geographic region, and is influenced by weather patterns. Over time, demand is also impacted by economic development and growth, and conservation initiatives.
- Supply — amount of energy available to meet demand, reserve margin requirements and ancillary service requirements. This can come from either generating assets which are

located close to the source of the demand, or can be transmitted from other geographic locations.

- **Commodity Prices** — higher prices of natural gas or oil or coal, for example, can lead to higher power prices as generating units bid into the market to recover their costs (i.e. higher commodity costs traditionally mean higher market bids).

As a result of rising commodity prices, in markets where generation capacity servicing intermediate load is predominantly fossil fuel based, MCP's will most likely increase. In markets where new generation capacity is supplied by combined cycled natural gas facilities, power prices will reflect their higher fuel costs.

ENERGY MARKETS IN WHICH BRASCAN POWER OPERATES

Ontario

Brascan Power's largest market presence is in Ontario. Over 31% of its long-term generation is derived from assets located in this market. Including revenue from its transmission and distribution operations located in northern Ontario, 49% of 2003 revenues and 39% of 2004 revenues was earned in Ontario. The following is a summary of Brascan Power's generating assets located in Ontario:

Power Operation	Ownership	River Systems	Generating Stations	Generating Units	Installed Capacity⁽¹⁾ (MW)	Long-term Average Generation⁽²⁾ (GWh)	Third Party PPA
Lake Superior Power.....	100%	0	0	3	110	850 ⁽³⁾	Yes
Mississagi Power*.....	100%	1	4	8	488	750	No
Sault Power.....	100%	2	5	11	203	906	No
Wawa Power.....	100%	3	8	12	156	756	No ⁽⁴⁾
Total.....		6	17	34	957	3,262	

(1) Reflects 100% of assets' capacity.

(2) Reflects Brascan Power's proportionate share of generation

(3) Includes the equivalent generation for project gas sale.

(4) All power produced by Valerie Falls, which is part of Wawa Power, is sold under a PPA.

* Brascan Power's interest through the Fund is 50.1% of this amount.

Brascan Power's uncontracted hydroelectric assets in Ontario are highly competitive and uniquely positioned to benefit from market price volatility. Brascan Power believes that these assets will continue to provide superior returns over time as future growth in demand gives rise to a need for additional supply and/or results in higher market prices. Brascan Power also believes that increased supply from nuclear generators is limited to the supply from existing nuclear facilities and those which are scheduled to return to service and that construction of new large scale hydroelectric facilities will be unlikely in the near future. As in other markets, Brascan Power expects that new supply will likely be dominated by higher-cost generators, such as natural gas-fired generation, which will have positive long-term implications for margins enjoyed by low-cost hydroelectric generators such as Brascan Power.

New York

Brascan Power recently entered the New York market with its acquisition of 71 hydroelectric power generating facilities totaling 674 MW of capacity and one 105 MW combined cycle gas-fired

facility from Reliant Energy Inc. For the period from September 28, 2004 to December 31, 2004 revenues from the New York Hydro Assets amount to \$63 million or 9% of Brascan Power's total revenue. Below is a summary of Brascan Power's operations in New York as of December 31, 2004:

Power Operation	Ownership	River Systems	Generating Stations	Generating Units	Installed Capacity⁽¹⁾ (MW)	Long-term Average Generation (GWh)	Third Party PPA
Hudson River Power	100%	4	12	34	237	915	No
St. Lawrence River Power....	100%	5	30	55	223	1,096	No
Lake Ontario Power	100%	5	29	78	214	892	No
Carr Street.....	100%	0	0	3	105	30	No
Total.....		14	71	170	779	2,933	

⁽¹⁾ Reflects 100% of assets' capacity.

New England

Brascan Power entered the New England market in February 2002 when it acquired a hydroelectric generating system in northern Maine. Brascan Power now owns a total of 200 MW of generating capacity in New England, accounting for a 11% of its long-term average generation. Revenue from New England operations represented 9% of 2003 revenues and 9% of 2004 revenues. The following is a summary of Brascan Power's assets located in New England:

Production Centers	Ownership	River Systems	Generating Stations	Generating Units	Installed Capacity⁽¹⁾ (MW)	Long-term Average Generation (GWh)	Third Party PPA
New Hampshire Power*	100%	1	8	25	45	262	Yes ⁽²⁾
White Mountain, NH	100%	0	0	1	25	184	Yes
Maine Power*	100%	2	7	32	129	748	Yes
Total	100%	3	15	58	199	1,194	

(1) Reflects 100% of assets' capacity.

(2) Pontook Generating Station, a 10 MW facility which is part of New Hampshire Power, is non-contracted.

* Brascan Power's interest through the Fund is 50.1% of this amount.

Québec

Brascan Power has two systems in Québec that account for approximately 15% of total long-term generation. Revenue earned from assets located in Québec was 14% of 2003 revenues and 13% of 2004 revenues. Brascan Power's assets located in Québec include:

Power Operation	Ownership	River Systems	Generating Stations	Generating Units	Installed Capacity ⁽¹⁾ (MW)	Long-term Average Generation (GWh)	Third Party PPA
Lièvre River Power*	100%	1	3	10	238	1,418	Yes ⁽²⁾
Pontiac Power	100%	2	2	7	28	210	Yes
Total		3	5	17	266	1,628	

(1) Reflects 100% of assets' capacity.

(2) Approximately 40% of Lièvre River Power is uncontracted.

* Brascan Power's interest through the Fund is 50.1% of this amount.

As Québec is still a regulated power market dominated by the provincial utility Hydro-Québec, Brascan Power will only pursue opportunities in this area that provide the opportunity to sell power into interconnected open markets such as Ontario or where Brascan Power can secure a long-term contract to sell power to Hydro-Québec at attractive rates.

British Columbia

Brascan Power owns two power systems in British Columbia. Revenue earned from those assets was 3% of 2003 revenues and 2% of 2004 revenues. The Brascan Power assets in British Columbia include:

Power Operation	Ownership	River Systems	Generating Stations	Generating Units	Installed Capacity ⁽¹⁾ (MW)	Long-term Average Generation ⁽²⁾ (GWh)	Third Party PPA
Powell River Energy*	50%	2	2	7	82	261	Yes
Pingston Power	50%	1	1	3	45	95	Yes
Total		3	3	10	127	356	

(1) Reflects 100% of assets' capacity.

(2) Reflects Brascan Power's proportionate share of generation.

* Brascan Power's interest through the Fund is 50.1% of this amount.

Louisiana

Brascan Power owns a 75% interest in Louisiana Hydro Power in Vidalia, Louisiana. Revenues from Louisiana Hydro amounted to 4% of 2003 revenues and 5% of 2004 revenues.

Power Operation	Ownership	River Systems	Generating Stations	Generating Units	Installed Capacity ⁽¹⁾ (MW)	Long-term Average Generation ⁽²⁾ (GWh)	Third Party PPA
Louisiana Hydro	75%	1	1	8	192	677	Yes

(1) Reflects 100% of assets' capacity.

(2) Reflects Brascan Power's proportionate share of generation.

Substantially all of the power produced by Louisiana Hydro is sold to Entergy, a U.S. energy company, through a PPA. The remaining power is sold directly to the city of Vidalia pursuant to

another PPA. Both PPAs have substantially similar terms and are on a “pay if delivered” basis and expire on December 31, 2031.

BRASCAN POWER FINANCING STRATEGY

Brascan Power has access to equity capital through its shareholder, Brascan, and indirectly through the Fund, which is the largest power income fund in North America in terms of installed capacity and power generation. The Fund, which is 50.1% owned by Brascan Power, owns a number of power generating operations acquired by Brascan Power and currently has a market capitalization of approximately \$930 million.

Brascan Power debt finances its operations with a combination of non-recourse asset backed debt and unsecured corporate debt, and endeavours to maintain access to financing of this nature in both Canada and the United States. Accordingly, it is Brascan Power’s objective to maintain investment grade ratings for both non-recourse and project based financing as well as unsecured corporate debt. To date all debt issuances (both secured and unsecured) are rated BBB– through AA by at least one of the three agencies that rate Brascan Power’s obligations. See “Credit Rating”.

Brascan Power believes that this strategy results in a lower cost of capital and a more stable borrowing base by allowing the terms of project level debt to be specifically tailored to the attributes of each project, thereby optimizing the cost and level of debt at each project. The structural subordination of corporate debt is mitigated by the diversification of Brascan Power’s assets, the relatively low level of non-consolidated debt and the absence of any material cross guarantees or cross collateralization.

As of December 31, 2004, outstanding debt included \$1,740 million of project level debt and \$740 million of corporate notes. The average maturity of the long-term project level debt, excluding the 2 year floating rate bridge facility which was put in place to acquire the New York Hydro Assets, is 15 years and the current average interest rate is 6.8%.

Brascan Power also maintains a line of credit with a Canadian chartered bank. The credit facility, which currently totals approximately \$118 million, is used primarily to issue letters of credit required to facilitate Brascan Power’s participation in the various power markets. Brascan Power expects to increase the total size of its credit facilities to approximately \$250 million to reflect Brascan Power’s expanded operations, including its recent entry into the New York power market.

Brascan Power’s subsidiary has issued and outstanding an aggregate principal amount of \$550 million of debentures pursuant to a trust indenture dated December 16, 2004 between Brascan Power Corporation, Bank of New York and BNY Trust Company of Canada (the “Trustee”) and an amended and restated first supplemental indenture dated January 26, 2005 (collectively the “Indenture”) in two series: \$450 million principal amount of 4.65% Series 1 debentures due December 16, 2009 and \$100 million principal amount of Series 2 floating rate debentures due December 18, 2006 (collectively the “Debentures”). The Debentures are not secured by any mortgage, pledge or other charge.

The Debentures are unconditionally guaranteed by Brascan Power as to the payment of principal, premium, if any, and interest thereon when and as the same shall become due and payable pursuant to a guarantee agreement made as of December 16, 2004 between Brascan Power as guarantor and the Trustee (the “Guarantee”). The Guarantee will remain in place until such time as certain conditions with respect to its release are met. All covenants and obligations of Brascan Power in relation to the Guarantee apply only so long as the Guarantee remains in place.

The Guarantee ranks equally and ratably with all other existing and future unsecured and unsubordinated indebtedness for borrowed money of Brascan Power. The obligation of Brascan Power under the Guarantee is unconditional regardless of the enforceability of the Debentures or the Indenture and will not be discharged until the date at which all obligations of Brascan Power and Brascan Power Corporation are satisfied regarding the transfer of all the assets and liabilities from Brascan Power to Brascan Power Corporation, other than its Investment Portfolio, there does not exist an event of default on such date, and the Debentures will be rated by DBRS and S&P without the Guarantee at the same or better ratings on such date as with the Guarantee. Upon fulfillment of the aforementioned conditions, the Guarantee will terminate and sole recourse of holders of Debentures will be to Brascan Power Corporation under the Indenture. The foregoing is a summary of the material attributes and characteristics of the Guarantee and is not complete.

CREDIT RATING

Brascan Power is currently rated BBB (high) with a stable trend by DBRS and BBB with a stable outlook by S&P. Brascan Power is also currently rated Baa3 with a stable outlook by Moody's Investors Service, Inc. for the benefit of Brascan Power's outstanding U.S. public bondholders which matured on March 1, 2005.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. Each of the above rating agencies rate debt instruments with ratings ranging from "AAA", which represent the highest quality of securities, to "D", which represent securities that are in payment default. Debt instruments that are rated in the BBB category by S&P exhibit 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. Debt instruments that are rated in the BBB category by DBRS are 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. A S&P rating may be modified by the addition of a plus "(+)" or minus "(-)" to show relative standing within the major rating categories. A DBRS rating may be modified by the addition of a "(high)" or "(low)" to indicate the relative standing of a credit within a particular rating category.

The ratings herein mentioned are not a recommendation to purchase, sell or hold the Debentures 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 either or both of S&P and/or DBRS in the future if, in their judgment, circumstances so warrant.

CAPITAL BASE AND DIVIDEND POLICY

The authorized capital of Brascan Power consists of an unlimited number of Class A Preferred Shares and an unlimited number of common shares. As at December 31, 2004, there were 101,383,135 common shares and no Class A Preferred Shares issued and outstanding.

Dividends on Brascan Power's common shares are paid quarterly in February, May, August and November of each year. The quarterly dividend was increased to its current level of \$0.16 per share in

1996. Special dividends are periodically considered and paid from retained earnings in excess of Brascan Power's needs.

There exist, in certain circumstances, direct restrictions on the ability of Brascan Power to pay dividends as well as indirect restrictions, insofar as there are restrictions on its subsidiaries in making distributions to Brascan Power.

DIRECTORS AND OFFICERS

The name, municipality of residence, positions with Brascan Power and principal occupation of each of the directors and executive officers of Brascan Power are as follows:

<u>Name, Province and Country of Residence</u>	<u>Director / Offices with Brascan Power</u>	<u>Principal Occupation</u>	<u>Voting Securities of Subsidiaries^(a)</u>
BRIAN D. LAWSON ^(b) , Ontario, Canada	Director since 2004	Executive Vice-President and Chief Financial Officer, Brascan Corporation	3,700
BRYAN DAVIS, Ontario, Canada	Director since 2005	Senior Vice-President, Finance, Brascan Corporation	—
HARRY A. GOLDGUT, Ontario, Canada	Director since 1997 Chairman and Chief Executive Officer;	Co-Chairman and Chief Executive Officer, Brascan Power	25,100
RICHARD LEGAULT, Québec, Canada	Director since 2005 President and Chief Operating Officer	President and Chief Operating Officer, Brascan Power	2,830
DONALD TREMBLAY, Québec, Canada	Director since 2005 Senior Vice-President and Chief Financial Officer	Senior Vice-President and Chief Financial Officer, Brascan Power	2,000
EDWARD C. KRESS, Ontario, Canada	Group Chairman	Power Generation Chairman, Brascan Corporation	20,000
COLIN L. CLARK, Ontario, Canada	Executive Vice-President, Development and Chief Technical Officer	Executive Vice-President, Development and Chief Technical Officer, Brascan Power	—
LAURENT CUSSON, Québec, Canada	Senior Vice-President, Operations	Senior Vice-President, Operations, Brascan Power	3,370
ALAN V. DEAN, Ontario, Canada	Senior Vice-President and Secretary	Senior Vice-President and Secretary, Brascan Corporation	—
GILLES LAROCQUE, Québec, Canada	Vice-President, Corporate Finance	Vice-President, Corporate Finance, Brascan Power	—
PATRICIA BOOD, Ontario, Canada	Assistant Secretary	Vice-President of Legal Services and General Counsel, Brascan Power	—

(a) Units in Great Lakes Hydro Income Fund.

(b) Mr. Lawson is a director of American Resource Corporation Limited which was cease traded in May 2004 for failing to file its financial statements.

Each director holds office until the next annual meeting of shareholders of Brascan Power or until a successor is appointed. As a result of the going-private transaction of Brascan Power completed on March 2, 2001, none of the directors or officers owns any securities of Brascan Power.

Each of the directors and executive officers of Brascan Power has been engaged for more than five years in his or her present principal occupation with Brascan Power or other organization (or predecessor thereof) in which he or she currently holds his or her principal occupation except the following:

Gilles Larocque. Prior to August 2003, Mr. Larocque was employed by Papier Masson Ltd.

Patricia Bood. Prior to March 2003, Ms. Bood was employed by Blake, Cassels & Graydon LLP.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at December 31, 2004, no officer, director or employee or former officer, director or employee of Brascan Power or its subsidiaries is or has been indebted to Brascan Power or its subsidiaries (other than "routine indebtedness" under applicable Canadian securities laws) at any time since January 1, 2002.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or senior officer of Brascan Power or its subsidiaries and, to the knowledge of Brascan Power, after reasonable inquiry, none of their respective associates nor any person or company or any of its affiliates who beneficially own or exercise control or discretion over more than 10% of the outstanding shares of Brascan Power, have any interest in any material contract to which the Company or Brascan Power is a party or to any transaction that has materially affected or will materially affect Brascan Power.

EXECUTIVE COMPENSATION

The named executive officers of Brascan Power consists of: Edward C. Kress, Group Chairman; Harry A. Goldgut, Chairman and Chief Executive Officer; Richard Legault, President and Chief Operating Officer; Mr. Donald Tremblay, Senior Vice President and Chief Financial Officer and Colin L. Clark, Executive Vice President, Development & Chief Technical Officer (collectively, the "Named Executive Officers"). The following tables present information about compensation of the Named Executive Officers of Brascan Power (determined in accordance with applicable rules):

Summary Compensation Table

Name and Principal Position	Year	Annual Salary Paid	Cash Bonus	Variable Compensation Awards ⁽¹⁾						Other Annual Compensation ⁽³⁾
				Deferred Share Units		Options		Restricted Share Appreciation Units		
		(\$)	(\$)	(\$)	(#) ⁽⁴⁾	(\$)	(#)	(\$)	(#) ⁽⁵⁾	(\$)
Edward Kress, Group Chairman ⁽²⁾	2003	290,000	—	—	—	48,800	15,000	—	—	4,209
	2002	290,000	—	120,000	6,040	117,000	37,500	—	—	4,504
	2001	290,000	—	120,000	6,267	117,500	37,500	—	—	4,163
Harry Goldgut, Chairman and Chief Executive Officer ⁽²⁾	2003	300,000	50,000	100,000	3,325	122,000	37,500	—	—	17,709
	2002	260,000	75,000	50,000	2,517	163,800	52,500	175,000	112,500	4,504
	2001	255,000	45,000	67,500	3,525	117,500	37,500	—	—	4,163
Richard Legault, President and Chief Operating Officer	2003	290,000	50,000	100,000	3,325	122,000	37,500	—	—	15,947
	2002	250,000	50,000	100,000	5,034	163,800	52,500	175,000	112,500	15,987
	2001	225,000	60,000	45,000	2,350	117,500	37,500	—	—	15,681

Donald Tremblay, Senior Vice- President and Chief Financial Officer	2003	175,000	75,000	—	—	48,800	15,000	—	—	13,982
	2002	135,000	60,000	—	—	70,200	22,500	—	—	10,945
	2001	108,000	35,000	—	—	70,500	22,500	—	—	10,396
Colin Clark Executive Vice- President, Development & Chief Technical Officer	2003	180,000	75,000	—	—	73,200	22,500	—	—	10,676
	2002	165,000	75,000	—	—	93,600	30,000	—	—	9,233
	2001	150,000	50,000	—	—	94,000	30,000	—	—	9,493

- (1) Variable Compensation Awards are all issued in respect of Brascan's securities.
- (2) Compensation paid by Brascan.
- (3) Includes compensation amounts for car lease, car allowance for maintenance, parking, RRSP.
- (4) These amounts represent the value of the options issued on the date of grant derived by application of the Black-Scholes option pricing model, discounted by 25% to reflect the five year vesting and one-year holding provisions of the MSOP.
- (5) These amounts represent the notional value of restricted share appreciation units taking into account downside risk assumed, 5 year vesting provisions and ability to realize gains only upon cessation of employment.

Termination of Employment, Change in Responsibility and Employment Contracts

Mr. Kress and Mr. Goldgut are also employees of Brascan Corporation and are remunerated by that company. Mr. Legault, and Mr. Tremblay and Mr. Clark are employed by a subsidiary of Brascan Power, Brascan Energy Marketing Inc. ("BEMI") and receive their remuneration from BEMI. None of Brascan Power's executive officers have any change of control arrangement or other compensatory plan, contract or arrangement with their employers.

Composition of the Compensation Committee

Directors and officers of Brascan Power who are employees of Brascan Corporation are remunerated by Brascan Corporation. The executive compensation policies of Brascan Corporation are set out in that company's most recent Management Information Circular available on SEDAR at www.sedar.com.

The remaining directors and officers of Brascan Power are paid by its subsidiary, BEMI. The Chief Financial Officer and Chief Operating Officer of Brascan Power have primary responsibility for making recommendations for approval by Brascan Power's board of directors with respect to the appointment of executive officers. They, in conjunction with other board members, also have primary responsibility for determining the review, design and competitiveness of their compensation plans.

Report on Executive Compensation

The key components of Brascan Power's executive officer compensation are base salary, short-term incentive plans and retirement security and long-term incentive plan. Base salaries are based on individual performance, responsibility and experience to ensure that they reflect the contribution of each officer. Short-term incentives are designed to provide an amount of variable compensation which is linked to individual and business performance.

Performance Graph

The shares of Brascan Power are not publicly traded.

Compensation of Directors

All directors of Brascan Power who are employees of Brascan Power, Brascan Corporation or subsidiaries thereof are not entitled to receive a director's fee.

PENSION PLAN TABLE

Brascan Power and BEMI have a registered defined benefit plan and a defined contribution plan. Mr. Legault and Mr. Tremblay participate in the defined benefit plan. Mr. Clark participates in the defined contribution plan. Messrs. Kress and Goldgut do not participate in a registered pension plan in Brascan Power. Mr. Kress participates in Brascan's pension plan.

The defined benefit pension plan provides its employees, upon their normal retirement age of 65 years, with a lifetime pension and a survivor pension of 60% of the employee's pension. If the member does not have a spouse at retirement, the pensions are payable for life with a 10 year guarantee.

Pensions under the defined benefit plan are equal to the product of 2% of the employee's highest five-year average annual eligible earnings less 0.7% of the average of the prior three years of earnings not in excess of the year's maximum pensionable earnings, multiplied by his or her years of credited service. The pension benefit is subject to the Income Tax Act maximum, which is currently \$1,833.33 (in 2004) times years of credited service.

The table below illustrates the estimated pension payable upon retirement from the registered and supplementary defined benefit pension plans based on the specified best average salary and years of service.

Remuneration (\$)	Years of Service				
	15	20	25	30	35
125,000	34,517	45,022	57,528	69,033	80,539
150,000	42,017	56,022	70,028	84,033	98,039
175,000	49,517	66,022	82,528	99,033	115,539
200,000	57,017	76,022	95,028	114,033	133,039
225,000	64,517	86,022	107,528	129,033	150,539
250,000	72,017	96,022	120,028	144,033	168,039
300,000	87,017	116,022	145,028	174,033	203,039
400,000	117,017	156,022	195,028	234,033	273,039

- a. The compensation covered by the defined benefit pension plan is the annual salary paid as described in the summary compensation table.
- b. The compensation covered by the defined benefit pension plan is in line with the compensation disclosed in the summary compensation table.
- c. The defined benefit pension disclosed in the above table are based on the best 5 year average salary and the credited service at retirement.
- d. As at September 30, 2004, the executives had accrued the following credited service: Richard Legault, 15.06 years — Donald Tremblay, 10.75 years.

RISK FACTORS

The power operations of Brascan Power are subject to varying degrees of risk inherent in the ownership and operation of power generating facilities. The following represents a summary of the most relevant risk factors relating to Brascan Power's business. This summary contains only certain risk factors and is not all-inclusive.

Hydrology

The revenues generated by the power systems are proportional to the amount of electricity generated. The amount of electricity generated by the power systems is dependent upon available water flows. Accordingly, revenues and cash flows may be affected by low and high water flows in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that no material hydrologic event will impact the hydrologic conditions that exist within the watershed. Annual deviations from the long-term average can be significant. Brascan Power strives to mitigate the risk of variable hydrology conditions by acquiring and operating a portfolio of geographically diverse facilities. The diversified locations of our power generating assets assist in balancing the impact of generation fluctuations in any one geographic region. We also have access to hydrology insurance.

Equipment Failure

There is a risk of equipment failure due to wear and tear, latent defect, design error or operator error, among other things, which could adversely affect revenues and cash flows. Although the power systems have operated in accordance with expectations, there can be no assurance that they will continue to do so. Nevertheless, this risk is substantially mitigated by the proven nature of hydroelectric technology, the design of the plants, the power systems' capital programs, adherence to prudent maintenance programs, comprehensive insurance and significant operational flexibility as a result of having generating units which can operate independently.

Foreign Exchange

The price paid for energy produced by our U.S. operations is denominated in U.S. dollars and, therefore, results may be affected by the fluctuations of the Canadian/U.S. dollar exchange rate over time. A material increase in the value of the Canadian dollar may negatively impact Brascan Power's cash flows. The U.S. operations' operating expenses and financing costs incurred are also denominated in U.S. dollars, thus providing a natural hedge. In addition, we may manage the risk associated with foreign exchange rate fluctuations by entering, from time to time, into forward foreign exchange contracts and engaging in other hedging strategies. To the extent that we engage in risk management activities related to foreign exchange rates, it will then be subject to credit risks associated with the counterparties with which it contracts.

Energy Trading and Spot Market Electricity

A significant portion of Brascan Power's revenue is tied, either directly or indirectly, to the spot market price for electricity. Electricity price volatility could have a material adverse effect on Brascan Power's business, operating results, financial condition or prospects.

Through its wholly-owned subsidiary BEMI, Brascan Power actively manages its energy production and sales, partly through physical and financial contracts minimizing the impact of price volatility. From time-to-time BEMI may take advantage of very short-term arbitrage opportunities when hourly prices diverge between interconnected markets in its area of operation. These activities are closely monitored through risk management policies. However, there is a transaction risk associated with these activities that could result in losses in extraordinary circumstances.

To minimize impact of price volatility, Brascan Power's objective is to derive its revenues primarily from PPAs and regulated rate base arrangements and to reduce the amount of non-contracted power by entering into short-term financial contracts. For the next two years, approximately 70% of Brascan Power's generation is contracted under PPA and short term financial contract. The remaining power is sold on a wholesale basis. Due to the low variable cost of hydroelectric power and the ability to concentrate generation during peak pricing periods, we are able to generate attractive margins on uncommitted capacity. Brascan Power's PPAs have an average term of 13 years and counterparties are almost exclusively customers with long-standing credit history or investment grade ratings. Our policy is to use financial contracts which typically have a term of less than two years to lock in the future price of uncommitted power we are reasonably certain to generate. This approach provides an appropriate level of revenue stability, without exposure to undue risk of contractual shortfalls, and provides the flexibility to enhance profitability through the production of power during peak price periods.

Operating and Capital Expenditure Costs

In the future, Brascan Power's generation assets may require significant capital expenditures and its operations could be exposed to unexpected increases in operating costs such as increased operating labour costs, water rental costs and taxes. Brascan Power invests an average of \$50 million annually to maintain the reliability of its asset base.

Insurance Limits

While Brascan Power believes that the its insurance coverage addresses all material insurable risks, provides coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits, and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, nor that all events are insured that could give rise to a loss or claim that may occur involving the assets or operations of Brascan Power.

Force Majeure

The occurrence of a significant event which disrupts the ability of Brascan Power'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 negative impact on the business of Brascan Power Corporation. Brascan Power'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 Brascan Power's generation assets or a generating plant owned by a third party to which the transmission assets are connected. In addition, many of Brascan Power's 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 Brascan Power's hydroelectric generating stations could result in a loss of generating capacity, and repairing such failures could require Brascan Power to incur significant expenditures of capital and other resources. Such failures could result in Brascan Power being exposed to significant liability for damages. There can be no assurance that Brascan Power's dam safety program will be able to detect potential dam failures prior to occurrence or eliminate all adverse consequences in the event of failure. Upgrading all dams to enable them to withstand all events could require Brascan Power to incur significant expenditures of capital and other resources. The consequences of dam failures could have a material adverse effect on Brascan Power's business, operating results, financial condition or prospects.

Health, Safety and Environmental Risks

The ownership and operation of Brascan Power's generation assets carry an inherent risk of liability related to 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, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to Brascan Power's business. Brascan Power 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. Nevertheless, from time to time Brascan Power may be unsuccessful in obtaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

Labour Relations

While labour relations at Brascan Power's generation assets have been stable to date and there have not been any disruptions in operations as a result of labour disputes with employees, the maintenance of a productive and efficient labour environment cannot be assured. In the event of a labour disruption such as a strike or lock out, the ability of the generation assets to generate income may be impaired. Brascan Power's current collective agreements expire periodically and there are no assurances that Brascan Power will be able to renew its collective agreement without a labour disruption.

Litigation

Although there are currently no material legal proceedings outstanding or threatened against Brascan Power or its assets, Brascan Power may become party to litigation in the future which could adversely affect its business.

Regulatory Regime and Rate Setting Risks

The transmission assets are subject to regulation. The OEB regulates the rates charged by electricity transmitters in Ontario. The regulated rates are designed to recover allowed costs, including debt financing costs, and permit earning a specified rate of return on equity. Any changes in the rate structure for the transmission assets or any reallocation or redetermination by the OEB of Brascan Power's allowed costs relating to the transmission assets, could have a material adverse effect on Brascan Power's transmission revenues.

Brascan Power owns and operates distribution assets. Accordingly, Brascan Power is subject to business, operating, regulatory and environmental risks in respect of those assets, and may be adversely affected by their financial performance.

The operation of Brascan Power's generation assets is subject to regulation. Water rights are generally owned by governments which reserve the right to control water levels. Any new law or regulation could require additional expenditure to achieve or maintain compliance. Operations that are not currently regulated may become subject to regulation. Because legal requirements are frequently changed and are subject to interpretation, Brascan Power is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Some of Brascan Power's operations are regulated by government agencies that exercise discretionary power conferred by statutes. Because the scope of such authority is uncertain and may be inconsistently applied, Brascan Power is unable to predict the ultimate cost of compliance with these requirements or their effect on operations.

Governmental Permits

The failure of Brascan Power to obtain or maintain all necessary licences, leases or permits, including renewals thereof or modifications thereto, may adversely affect Brascan Power's ability to generate income.

Structural Subordination

The majority of the business activities of Brascan Power is carried on by its subsidiaries. As such, the Debentures are effectively subordinated to all existing and future liabilities, including trade payables and other indebtedness, of Brascan Power's subsidiaries.

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and officers of Brascan Power, the only persons who or corporations which beneficially own, directly or indirectly, or exercise control or direction over Brascan Power's common shares carrying more than 10% of the voting rights attached to shares of Brascan Power is Brascan. Brascan owns 100% of all issued and outstanding voting and equity securities of Brascan Power.

LEGAL PROCEEDINGS

There are no legal proceedings material to Brascan Power to which Brascan Power, or any subsidiary thereof, is a party, or of which any of their respective property is the subject matter, other than as disclosed in the notes to Brascan Power's financial statements for its most recently completed financial year filed on SEDAR .

AUDITORS

The auditors of Brascan Power are Deloitte & Touche LLP, Chartered Accountants, Suite 1400, BCE Place, 181 Bay Street, Toronto, Ontario M5J 2V1 and were appointed in 1981.

MATERIAL CONTRACTS

There are no material contracts, other than the Guarantee, contracts entered into in the ordinary course of business or pursuant to an acquisition transaction, which have been entered into by Brascan Power within the past two years or which are proposed to be entered into.

ADDITIONAL INFORMATION

Additional information relating to Brascan Power may be found on SEDAR at www.sedar.com.

Additional financial information is provided in Brascan Power's financial statements and MD&A for its most recently completed financial year.