Brookfield Renewable Power

Annual Information Form

March 20, 2009

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FORWARD-LOOKING INFORMATION

This Annual Information Form contains forward-looking statements concerning the business and operations of Brookfield Renewable Power Inc. (**"Brookfield Renewable"** or the "**Company**"). 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", "believes" or "does not believe", "potentially", "tends", "attempts", "likely", "primarily", "approximately", "endeavours", "pursues", "seeks" 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, 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-looking statements. For further information on these known and unknown risks, please see *"Risk Factors"* on page 26.

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; 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 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; 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.

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.

The Company is a wholly-owned subsidiary of Brookfield Asset Management Inc. ("**Brookfield Asset Management**"). An asset management company focused on property, power and infrastructure assets, Brookfield Asset Management has approximately $80 billion of assets owned and under management. Brookfield Asset Management is co-listed on the Toronto, New York and Euronext Stock Exchanges under the symbols BAM, BAM.A and BAMA, respectively.

In business for over 100 years, Brookfield Renewable owns and manages assets with an underlying value of approximately $12 billion in power generating and related assets in Canada, the United States and Brazil. Our hydroelectric portfolio includes 162 conventional generating facilities on 63 river systems, one hydroelectric pumped storage facility and one of the largest wind farms in Canada. We also operate two thermal co-generating plants and an electricity distribution system located in northern Ontario. Combined, Brookfield Renewable manages over 4,133 megawatts ("**MW**") of installed capacity producing on average 15,341 gigawatt hours ("**GWh**") of energy annually, 95% of which is generated from renewable resources.

Certain of the Company's assets are owned through Great Lakes Hydro Income Fund (the "**Fund**"). The Fund's trust units ("**Trust Units**") are publicly traded on The Toronto Stock Exchange under the symbol GLH.UN. More information regarding the Fund is available at www.greatlakeshydro.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 US 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, 2008, unless otherwise indicated. On February 4, 2009, Brookfield Renewable sold two of its subsidiaries to the Fund. For greater clarity, certain information relating to our subsidiaries is presented as at February 4, 2009. See "Development of the Business – Canadian Operations" for more information on this transaction.

SUBSIDIARIES

The Company's main operating subsidiaries as at February 4, 2009 are listed below:

Name of Subsidiary	Jurisdiction of Organization	Percentage of Voting Securities Owned or Controlled
Bear Swamp Power Company LLC	Delaware	50.00%
Beaver Power Corporation	Ontario	100.00%
Brascan Energética S.A.	Brazil	100.00%
Brookfield Energy Marketing Inc.	Ontario	100.00%
Brookfield Energy Marketing LP	Ontario	100.00%
Brookfield Power Piney & Deep Creek LLC	Delaware	100.00%
Carr Street Generating Station, L.P.	Delaware	100.00%
Catalyst Old River Hydroelectric Limited Partnership[1]	Louisiana	75.00%
Erie Boulevard Hydropower, L.P.	Delaware	100.00%
FH Opco LLC	Delaware	100.00%
Great Lakes Hydro Income Fund[2]	Québec	50.01%
➢ Brookfield Power Wind Prince LP[3]	Ontario	50.01%
➢ Carmichael Limited Partnership	Ontario	50.01%
➢ Great Lakes Hydro America LLC	Delaware	50.01%
➢ Lièvre Power L.P.	Québec	50.01%
➢ Mississagi Power Trust	Québec	50.01%
➢ Pingston Creek Hydro Joint Venture[4]	British Columbia	25.00%
➢ Powell River Energy Inc	Canada	24.95%
Great Lakes Power Limited	Ontario	100.00%
Hawks Nest Hydro LLC	Delaware	100.00%
Hydro Kennebec L.P.	New York	100.00%
Hydro-Pontiac Inc.	Québec	100.00%
Itiquira Energética S.A.	Brazil	100.00%
Lake Superior Power Limited Partnership	Ontario	100.00%
Rumford Falls Hydro LLC	Delaware	100.00%

1 Represents a residual non-voting interest.
2 Great Lakes Hydro Income Fund and its operating entities are owned by Brookfield Renewable through its 50.01% interest on a fully exchanged basis in the Fund.
3 As described in more detail under *"Description of the Business – Canadian Operations", o*n February 4, 2009, Brookfield Renewable sold its interest in Prince Wind to the Fund.
4 As described in more detail under *"Description of the Business – Canadian Operations",* on February 4, 2009, Brookfield Renewable sold its 50% joint interest in Pingston Creek Hydro Joint Venture to the Fund.

Name of Subsidiary	Jurisdiction of Organization	Percentage of Voting Securities Owned or Controlled
Twin Cities Hydro LLC	Delaware	100.00%
Valemount Hydro Limited Partnership	British Columbia	100.00%
Valerie Falls Limited Partnership	Ontario	100.00%
West Delaware Hydro Associates L.P.	New York	100.00%

DEVELOPMENT OF THE BUSINESS

Below is a summary of Brookfield Renewable's achievements in developing our business since January of 2006, including our acquisition, development and financing activities.

Corporate

Brookfield Renewable completed an offering of two series of unsecured medium term notes for total proceeds of Cdn$350 million in November of 2006. Cdn$200 million of Series 3 notes and Cdn$150 million of Series 4 notes were issued pursuant to the Company's short form base shelf prospectus dated September 28, 2006 (the **"2006 Prospectus"**). The Series 3 notes mature in 2018 and bear an interest rate of 5.25% annually. Series 4 notes mature in 2036 and bear an interest rate of 5.84% annually.

In February of 2009, Brookfield Renewable successfully completed an offering of Cdn$300 million of Series 5 medium term notes issued under the short form base shelf prospectus dated July 28, 2008 (the "**2008 Prospectus**"). The Series 5 notes mature in 2012 and bear interest at a rate of 8.75% annually. A portion of the proceeds of this offering were used to retire Cdn$105 million of Series 1 debentures which mature in December of 2009. Copies of the 2006 Prospectus, 2008 Prospectus and all supplements relating thereto are available on SEDAR at www.sedar.com.

The Company's credit facilities were increased in March of 2006 from $200 million to $350 million. In 2008, the term for a tranche of $300 million was extended to April 2011, while the remaining $50 million will expire in 2010.

In early 2009, Brookfield Renewable declared and paid a special one-time dividend to its common shareholder in the amount of $1,100 million. This dividend was applied by Brookfield Asset Management to reduce its outstanding indebtedness with the Company. For further information, please see *"Dividend Policy"*.

Also in early 2009, the Company issued 54,669,200 additional Class A Preference Shares in exchange for a reduction of $1,100 million of two promissory notes totaling $1,210 million outstanding to Brookfield Asset Management. For more details, please see *"Capital Structure - Promissory Notes"*

Canadian Operations

In February of 2006, Brookfield Renewable acquired all of the issued and outstanding shares of Beaver Power Corporation **("Beaver Power"**) for cash consideration of approximately Cdn$85 million, plus the assumption of Cdn$89 million in debt**.** Beaver Power owned four hydroelectric generating facilities in northern Ontario, including the Carmichael Falls facility (**"Carmichael Falls"**). In July of 2006, Carmichael Falls was sold to the Fund for cash consideration of Cdn$56 million. Carmichael Falls was financed in November of 2006 with a term loan facility in the amount of Cdn$32 million which matures in November 2011. All power generated from the remaining three Beaver Power facilities is sold under long-term power purchase agreements (**"PPAs"**).

In November of 2006, Brookfield Renewable completed construction of the Prince wind farm **("Prince Wind"**) near Sault Ste. Marie, Ontario. The original construction of Prince Wind was financed with a Cdn$300 million bank facility. Once commercial operations had begun, this construction facility was replaced with a five-year floating rate credit facility in the amount of Cdn$300 million which matures on November 30, 2012. Brookfield Renewable has hedged the bank facility's floating interest rate to a fixed rate.

On February 4, 2009, Prince Wind and the Company's 50% joint venture interest in Pingston Creek facility (**"Pingston Creek"**) were sold to Great Lakes Power Holding Corporation (**"GLPHC"**) for total consideration of Cdn$130 million (the **"Transaction"**). The purchase price for the Transaction was paid to Brookfield Renewable half in cash and half in shares (the **"Exchangeable Shares"**) of GLPHC. With the issuance of the Exchangeable Shares, GLPHC is indirectly owned 49.9% by the Fund and 50.1% by the Company. The Exchangeable Shares are exchangeable into Trust Units on a one-for-one basis. On a fully-exchanged basis, Brookfield Renewable retains a 50.01% interest in the Fund. Pingston Creek is a 45 MW run-of-the-river facility in northern British Columbia operated as a joint venture with Canadian Hydro Developers (**"CHD"**). Both Prince Wind and Pingston Creek sell all of their generation pursuant to various PPAs which will provide a stable revenue stream for the Fund.

The cash portion of the purchase price was funded by a public offering (the **"Offering"**) of 4,690,000 Trust Units of the Fund at Cdn$16 per Trust Unit for total proceeds of approximately Cdn$75 million. The Offering was facilitated through a bought-deal arrangement which closed on January 6, 2009. Concurrent with the Offering, Brookfield Renewable purchased on a private placement basis an additional 627,500 Trust Units at Cdn$16 per Trust Unit for approximately Cdn$10 million.

Two run-of-the-river hydroelectric generating stations in northeast British Columbia were acquired in October of 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.

In March of 2008, we sold our Ontario transmission assets to Brookfield Asset Management's public infrastructure fund, Brookfield Infrastructure Partners L.P. (**"BIP"**) 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.

In early 2009, Brookfield Renewable was awarded a 20-year PPA by the Ontario Power Authority (“**OPA**”) for the 50 MW Gosfield wind project to be constructed near the Town of Kingsville in southwestern Ontario.

For more information on the Company’s Canadian Operations, see *“Description of the Business – Canadian Operations”*.

U.S. Operations

Brookfield Renewable acquired in June of 2006 two hydroelectric generating facilities (**“Rumford Falls”**) on the Androscoggin River in Maine for approximately $147 million. Rumford Falls has a combined installed capacity of 39 MW**.** All power produced by Rumford Falls is sold into administered wholesale markets. In May of 2007, Rumford Falls was financed with a senior secured non-revolving credit facility of $95 million. The credit facility matures on May 8, 2010.

The Hawks Nest hydro facility (**“Hawks Nest”**) in West Virginia was acquired in October of 2006 for consideration of approximately $122 million. Located on the New River, Hawks Nest has a total installed capacity of 102 MW and produces on average 529 GWh of electricity annually. All power generated by the facility is sold under a 15 year contract to an industrial customer.

In February of 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.

The Glens Falls hydroelectric facility (**“Glens Falls”**) (owned by one of the Company’s wholly-owned subsidiaries, FH Opco LLC) was acquired in August of 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.

The newly acquired operations of Hawks Nest, Hewittville and Unionville and Glens Falls are all subsidiaries of Erie Boulevard Hydropower L.P. (**“Erie Blvd.”**), a wholly-owned subsidiary of Brookfield Renewable. In December of 2007, we successfully completed a private placement of $330 million of senior notes secured by the assets of Erie Blvd.

In May of 2007, a senior secured non-revolving credit facility for $125 million was completed in connection with the Bear Swamp facilities ("**Bear Swamp**") in northern 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.

Brookfield Renewable entered the US midwest power market in March of 2008 with the purchase of the Twin Cities hydroelectric facility (**"Twin Cities"**) 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 104 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.

For more information on our US Operations, see *"Description of the Business – US Operations"*.

Brazil Operations

In a series of transactions in 2008, Brookfield Renewable acquired Itiquira Energética S.A. ("**Itiquira**") for cash consideration of approximately $393 million plus the assumption of R$74 million in debt. Itiquira owns a 156 MW hydroelectric facility located on the Itiquira River in the State of Mato Grosso, Brazil. The facility produces on average 940 GWh of electricity annually. All power produced by Itiquira is sold under a PPA expiring in 2014 with a state-owned distributor of electricity. In June of 2008, Brookfield Renewable negotiated a $120 million bank facility secured by the Itiquira assets which expires on December 24, 2009. An additional Brazilian R$165 million credit facility was put in place in October of 2008, also maturing on December 24, 2009, and was used to fund part of the cash portion of the transaction.

In a related party transaction, Brookfield Renewable in November of 2008 purchased Brascan Energética S.A. ("**BESA**") from Brookfield Asset Management for total consideration of $490 million. BESA owns 29 hydro stations on 20 river systems. Combined, the BESA facilities have an aggregate installed capacity of 356 MW and produce approximately 1,893 GWh of power annually. The Company had managed the BESA assets on behalf of Brookfield Asset Management since 2001.

For more information on the Company's newly-acquired Brazilian Operations, see *"Description of the Business – Brazil Operations"*.

DESCRIPTION OF THE BUSINESS

Asset Base

Brookfield Renewable has been in the power business for over 100 years, making it a highly experienced owner, manager, operator and developer of power generation facilities. Brookfield Renewable operates a portfolio of 3,918 MW of renewable power generation, comprising 3,729 MW of hydroelectric generation (conventional and hydroelectric pumped

storage) and 189 MW of wind generation, in 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, as well as electricity distribution assets in Northern Ontario.

Hydroelectric power assets are a unique asset class in the power industry and rely on simple, proven technology. Hydroelectric power assets are considered to be a low-cost, long-life, flexible and environmentally preferred form of electric power generation which, if managed effectively, will yield increasing cash flows and appreciating asset value. In addition to our operating assets, Brookfield Renewable has a diversified pipeline of development projects, including more than 800 MW of projects that are either in construction or in advanced stages of development.

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 Brookfield Renewable has several relatively new plants in our portfolio, it also has plants that have been in operation for over 100 years. Brookfield Renewable's business benefits from the fact that hydroelectric power generation is a mature, efficient and relatively simple technology that has not changed dramatically over the past century.

Operating Assets

As at December 31, 2008 Facilities	Rivers	Generating Stations	Generating Units	Capacity MW	LTA [1] GWh	Storage and MRE [2] GWh
Hydroelectric						
Conventional						
Canada	18	32	72	1,314	5,058	1,261
United States	24	99	262	1,303	6,100	1,047
Brazil	21	31	68	512	2,833	2,750
Total Conventional	**63**	**162**	**402**	**3,129**	**13,991**	**5,058**
Hydroelectric Pumped Storage						
United States	1	1	2	600	380	1,095
Total Hydroelectric	**64**	**163**	**404**	**3,729**	**14,371**	**6,153**

As at December 31, 2008 Facilities	Rivers	Generating Stations	Generating Units	Capacity MW	LTA [1] GWh	Storage and MRE [2] GWh
Wind						
Canada	–	1	126	189	535	–
Other						
Canada	–	1	3	110	405	–
United States	–	1	3	105	30	–
Total	**64**	**166**	**536**	**4,133**	**15,341**	**6,153**

(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 that mitigates hydrology risk by guaranteeing that all participants receive their assured energy. See below for more detail.

Segmented Operating Results

	Long-term Average Year ended December 31,		Actual Production Year ended December 31,	
(GWh)	**2008**	2007	**2008**	2007
Conventional Hydroelectric generation				
Canada[1]	**4,971**	4,931	**5,278**	3,892
United States	**6,072**	5,931	**6,681**	5,673
Brazil	**781**	-	**770**	-
Total conventional	**11,824**	10,862	**12,729**	9,565
Pumped Storage[2]				
United States	**384**	340	**426**	564
Wind generation	**534**	534	**456**	478
Thermal generation	**880**	880	**823**	929
Total generation	**13,622**	12,616	**14,434**	11,536

Financial Position and Operating Results

($US millions)	Invested Capital [1] As at Dec. 31, 2008	Dec. 31, 2007	Operating cash flow Three months ended December 31, 2008	2007	Year ended December 31, 2008	2007
Conventional hydroelectric generation						
Canada	**$ 1,260**	$ 1,565	**$ 37**	$ 38	**$ 271**	$ 171
United States	**1,920**	1,902	**70**	63	**397**	292
Brazil	**797**	-	**13**	-	**33**	-
Pumped storage						
United States	**100**	97	**10**	7	**37**	22
Total hydroelectric generation	**4,077**	3,564	**130**	108	**738**	485
Wind generation	**290**	369	**11**	13	**32**	33
Other operations	**386**	380	**7**	14	**37**	56
Total Invested capital / operating cash flow	**4,753**	4,313	**148**	135	**807**	574

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

As a result of strong operating results throughout the year, Brookfield Renewable's operating cash flow increased by $233 million from $574 million in 2007 to $807 million in 2008, mainly as a result of increased generation from our conventional hydroelectric portfolio in Ontario, Québec, New York, New England and Louisiana, the acquisition of the Itiquira generating station in Brazil, and higher realized prices. Brookfield Renewable also benefited from our optimization efforts, particularly in moving power from lower priced markets to higher priced markets, and by dispatching the Company's generating capability to capture better prices in wholesale power markets. Brookfield Renewable's realized price from conventional hydro increased to $76 from $70 in 2007. In 2007 and the first half of 2008, oil and natural gas prices increased steadily, with US natural gas prices reaching their highest level since 2005 and global prices realizing an all-time high, driving electricity prices upwards. Since then, oil and gas prices have declined significantly.

Invested capital in the Company's power generating assets increased by $440 million during the year as a result of the additional of the Brazilian portfolio which was partly offset by the impact of the decline in the Canadian dollar.

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 largely automated the dispatch and control of our plants in order to allow for a cost effective, real-time asset response to rapidly changing market conditions.

Brookfield Renewable employs approximately 1,000 people throughout our operations across North America and Brazil. Plant operations are largely decentralized through three regional operating centers 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.

Our Markets

Brookfield Renewable sells generation output either by securing 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.

In order for electricity demand to be adequately satisfied by electricity supply in competitive markets, the various market operators (IESO, NYISO, ISO-NE, PJM and MISO, as 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 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 trading of capacity, ancillary services (operating reserves, voltage support, black start and regulation) to market operators, and non-energy products such as green attributes or renewable energy credits (**"RECs"**) which generators, such as Brookfield Renewable, who produce energy

through emissions-free technology may be able to sell to counterparties. Hydroelectric generators are 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 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 such as Brookfield Renewable 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. This allows Québec generators to sell power in those wholesale markets, or under short or long-term contracts. TransÉnergie, which owns and operates Hydro-Québec's transmission system, offers non-discriminatory access to allow transmission 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 FortisBC (the only other transmission system owner in BC), or employ access to either transmission system to sell their generation outside the province. Brookfield Renewable's facilities in British Columbia sell their power under PPAs.

New York. The New York Independent System Operator ("**NYISO**") operates the wholesale power, capacity and ancillary markets. In addition, the NYISO administers the Federal Energy Regulatory Commission ("**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-determined prices, 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 six-state region that ISO-NE serves includes Maine, New Hampshire and Massachusetts where the Company has its New England Operations. The market consists of a day-ahead market and a real time market. The ISO-NE wholesale market also uses location-based marginal pricing. As well, the ISO-NE also holds annual auctions for installed capacity. This market provides an additional source of revenue for Brookfield Renewable that complements the revenue it earns from selling power into the electricity market. The ISO-NE capacity and ancillary markets have evolved into location-based markets. The first forward capacity market commenced in February of 2008 for delivery in June of 2010.

PJM. The PJM Interconnection (**"PJM"**) administers the electricity market for approximately 51 million customers in all or parts of 13 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. PJM includes three of the markets in which Brookfield Renewable operates – Pennsylvania, Maryland and West Virginia. Similarly 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.

MISO. Brookfield Renewable recently entered the Midwest Independent System Operator ("**MISO**") market with the addition of the Twin Cities assets located in Minnesota. MISO supports the constant availability of electricity in 15 US states and in the Province of Manitoba**.** In addition to its wholesale power market, MISO also operates an ancillary services market. MISO also administers the FERC approved transmission tariff.

POWER MARKETING AND SALES

Brookfield Renewable's power marketing and sales group is responsible for selling all energy-related products, capacity, ancillary services, green attributes and RECs which are generated by Brookfield Renewable's assets. It is 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 day-ahead and real-time wholesale electricity markets; and
- secure future revenues and reduce volatility by entering into short-term financial contracts.

Sales Under Contracts

North America. Approximately 51% of Brookfield Renewable's generation is sold pursuant to long-term PPAs, which have an average remaining duration of 12 years. 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. Long-term contracts provide Brookfield Renewable with a strong and highly predictable cash flow stream and 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. While Brookfield Renewable does not view that it is dependent upon any one particular PPA, with 51% 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.

Brazil. Since there is currently no short-term bid-based wholesale power market in Brazil, Brookfield Renewable enters into bilateral sales contracts. The Company typically enters into 20-30 year PPAs with creditworthy privately and publicly-owned utilities or 3-8 year PPAs are negotiated with industrial and other large end users. Brookfield Renewable's contract structure in Brazil typically obligates it to deliver a minimum quantity of electricity based on the long-term average of each facility. In order to mitigate delivery risk, Brookfield Renewable participates in the Energy Reallocation Mechanism (**"MRE"**), a government-regulated "balancing pool". Through this pool, hydroelectric power generators throughout the country share hydrological risk. Generators in areas which are experiencing below average inflow conditions can purchase power from hydro generators experiencing above average conditions at prices based on a marginal production cost formula. When hydro generators produce more than normal generation, they sell that power on the same basis.

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 day-ahead and real-time 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.

In addition to physical optimization, Brookfield Renewable secures future revenues and reduces volatility by entering into financial contracts. Approximately 29% of Brookfield Renewable's North American generation is sold at prices fixed by a managed portfolio of financial contracts, with terms of up to three years. In addition, some of Brookfield Renewable's annual output is sold forward through short-term financial contracts generally ranging from 1 to 90 days.

CANADIAN OPERATIONS

In Canada, Brookfield Renewable owns or has interests in 32 hydro facilities on 18 river systems totaling 1,314 MW of generating capacity which produces on average over 5,000 GWh of electricity per year. In addition, Brookfield Renewable constructed Prince Wind, one of the largest wind farms in North America having a total capacity of 189 MW and generates on average 535 GWh annually. The Canadian Operations of the Company are located in the three most populous provinces – Ontario, Québec and British Columbia.

The Company holds a variety of 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. While we do not view any one particular license as one on which we are economically dependent, Brookfield Renewable is dependent upon all of the waterpower licenses in Canada in the aggregate. At the end of a license period, license holders can apply to the requisite government body to have their licenses renewed. Similarly, Prince Wind is party to numerous land leases with the Crown and private landowners. While the Company is not economically dependent upon any one lease, the wind operations of the Company are dependent upon the collective leases for its wind generation business.

Conventional Hydro Operations

Our generating assets in Canada have access to neighboring competitive markets in Canada and the United States. In addition to installed capacity, most of Brookfield Renewable's Canadian assets have large water storage reservoirs which 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.

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 2,622 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.

Wawa Hydro. Wawa Hydro is located in northern Ontario and includes ten generating stations located on five river systems – Magpie, Michipicoten, Seine, Groundhog and Nagagami. The Carmichael Falls facility, which is owned indirectly through the Company's investment in the Fund, is managed by Wawa Hydro. 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. Power produced by all the other facilities of Wawa Hydro is sold into the IESO administered market.

Sault Hydro. Sault Hydro is located near Sault Ste. Marie, Ontario. 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 into the IESO administered market.

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 into the IESO administered market. Power generated from the remaining two facilities, Cameron Falls and Serpent River, are sold under two PPAs to the OEFC expiring in 2039 and 2041.

Québec

Brookfield Renewable's Québec assets 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 282 MW and generate approximately 1,696 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, dates back to 1906. Brookfield Renewable has updated this station so that it is fully automated from a centralized control centre. Cedar Dam, the newest station, was built by Brookfield Renewable in 2005.

Lièvre Power. Lièvre Power is owned by the Fund and has interconnections with the Québec and Ontario power grids. Power from the Cedar Dam facility is sold to Hydro-Québec under a PPA which expires in 2030. A portion of the power which was produced by Lièvre Power last year was contracted to a newsprint mill under a PPA which expired in December, 2008. Other than the power generated by the Cedar Dam facility, all energy now produced by the 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 25-year PPAs expiring in 2019 with Hydro-Québec for the sale of all power produced by these facilities.

British Columbia

Brookfield Renewable's British Columbia assets consist of Pingston Creek, the Powell River Energy Inc. (**"PREI"**) facilities and the Valemount facilities. Combined, they have an aggregate installed capacity of 135 MW. The British Columbia segment of the Company generates approximately 740 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 began as a joint venture between the Company and CHD. Commissioned in 2003, the 45 MW Pingston Creek run-of-the-river facility is located near the Town of Revelstoke in south central British Columbia. Pingston Creek has had strong sustainable hydrology conditions since it commenced operations. All power produced by the facility is sold under a PPA to BC Hydro expiring in 2023. As described in more detail under

"Development of the Business" on page 3, in early 2009, Brookfield Renewable sold its 50% joint venture interest in Pingston Creek to the Fund.

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 to Catalyst pursuant to a PPA expiring in 2011.

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 long-term PPAs with BC Hydro.

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 535 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. As described in more detail under *"Development of the Business"* on page 3, Brookfield Renewable sold Prince Wind to the Fund in early 2009. We continue to manage Prince Wind.

Prince benefits from long-term land leases with public and private land owners. 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 rights and easements.

Thermal

Brookfield Renewable owns a thermal plant in northern Ontario. Lake Superior Power has an installed capacity of 110 MW. All power generated by Lake Superior Power is sold pursuant to a PPA with the OEFC expiring in 2014.

Distribution

The Company's electricity distribution operations in Ontario include a low voltage distribution system consisting of approximately 1,800 km of low voltage lines that service approximately 11,500 customers. Daily operation of the electricity distribution business is conducted from the Company's control centre located in Sault Ste. Marie, Ontario. Brookfield Renewable's 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 our cash flows.

US OPERATIONS

Brookfield Renewable entered the US market in the 1990s with the acquisition of a residual non-voting interest in Louisiana Hydro. Since then, the Company has added to its asset base with acquisitions in Maine, New Hampshire, Massachusetts, New York, Maryland, Pennsylvania, West Virginia and, most recently, Minnesota. Today, Brookfield Renewable

owns or has interests in 100 hydroelectric facilities (including hydroelectric pumped storage) on 25 river systems totaling 1,903 MW of generating capacity. These facilities generate on average over 6,480 GWh of electricity annually and have storage reservoirs that can store approximately 2,142 GWh, or 33% of our United States annual long-term average production.

Brookfield Renewable owns freehold title to its generating facilities in the United States, except for the Louisiana Operations which are leased under an agreement expiring in 2031, and the Errol, Brassua and Kennebec facilities in New England which are leased under contracts expiring in 2023, 2012 and 2009, respectively.

Brookfield Renewable's rights to operate our facilities in the United States are secured primarily through long-term licenses from 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. While we do not view any one particular FERC license as one on which we are economically dependent, Brookfield Renewable is dependent upon all of the FERC licenses in the United States in the aggregate. Approximately 72% of Brookfield Renewable's total installed capacity in the United States has remaining license terms exceeding 20 years, while approximately 60% of total installed capacity has license terms exceeding 30 years or is otherwise exempt. At the end of a license period, license holders can apply to FERC to have their licenses renewed.

Conventional Hydro Operations

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, the Hydro Kennebec facility (until the end of February 2009), and the Fife Brook facility which is part of Bear Swamp. Combined, they have an aggregate installed capacity of 241 MW. The New England Operations generate approximately 1,435 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 owned by the Fund and include the Errol, Pontook and Brassua generating stations. GLHA has in total fifteen hydroelectric facilities containing 57 generating units with an aggregate installed capacity of 176 MW. 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. Six of the GLHA facilities are located on the Androscoggin River in New Hampshire. A portion of the power produced by these facilities is sold to an affiliated paper mill under a PPA expiring in 2012. The remaining energy is sold into the ISO-NE administered market.

The Errol and Pontook facilities are also on the Androscoggin River. All power produced by the Errol facility is sold to Public Service of New Hampshire under a PPA which expires in 2023. The lease for the Errol facility also expires in 2023. All power produced by Pontook is sold by Brookfield Renewable into the ISO-NE administered market. The Brassua facility is on the Moose River. All power produced by Brassua is sold under a PPA with Central

Maine Power Company expiring in August of 2009. When the Central Maine Power PPA expires, power generated from Brassua will be sold into the ISO-NE administered market. The Brassua facility is leased under an agreement expiring in 2012.

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.

Hydro Kennebec. Hydro Kennebec is on the Kennebec River. All power produced by Hydro Kennebec was sold under a PPA to Central Maine Power Company. The PPA and the lease for the facility expired in February of 2009. Brookfield Renewable is no longer operating this facility.

Bear Swamp. The Fife Brook run-of-the-river facility is located on the Deerfield River in western Massachusetts, and forms part of the Bear Swamp facilities owned as a 50/50 joint venture between the Company and Emera Inc. 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 and the Piney and Deep Creek facilities in Pennsylvania and Maryland. Combined, they have a total installed capacity of 150 MW and generate 629 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. Hawks Nest has an installed capacity of 102 MW and generates 529 GWh annually. All power produced by the Hawks Nest facility is sold under a PPA expiring in 2021.

Piney and Deep Creek. The Piney facility is on the Clarion River in Pennsylvania and the Deep Creek facility is located on the Youghiogheny River in Maryland. Combined, they generate approximately 100 GWh of electricity annually. All power produced by the Piney and Deep Creek facilities is sold into the PJM administered market.

New York Operations

Brookfield Renewable's New York Operations consist of St. Lawrence facilities, Lake Ontario facilities and Hudson River facilities. Combined, they have an aggregate installed capacity of 702 MW and generate approximately 3,025 GWh of electricity per year. The New York Operations have a combined storage capacity of 541 GWh. Approximately 20% of the Company's long-term average generation is associated with its New York Operations.

St. Lawrence. St. Lawrence facilities are located in upstate New York. They include 32 hydroelectric generating facilities located on five river systems - Oswegatchie, Raquette, Salmon (north), Saranac and St. Regis. Combined, the St. Lawrence facilities have a total installed capacity of 229 MW. All power produced by the St. Lawrence facilities 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.

Lake Ontario. Lake Ontario facilities consist of 29 hydroelectric generating facilities located in upstate New York on five river systems – Beaver and Black, Oswego, Salmon (south), West Canada Creek and Oak Orchard Creek. All power produced by Lake Ontario facilities is sold into the NYISO administered market.

Hudson River. Hudson River facilities consist of 14 hydroelectric generating facilities located in upstate New York on five river systems – Upper Hudson, West Delaware, Fish Creek, Hoosic and Mohawk. All power produced by Hudson River facilities, except power generated from the Glens Falls facility, is sold into the NYISO administered market. Power produced by Glens Falls is sold under a PPA expiring in 2017.

Minnesota Operations

In early 2008, Brookfield Renewable acquired the Twin Cities facility located on the Upper Mississippi River in Minnesota. Twin Cities has an installed capacity of 18 MW and generates approximately 104 GWh annually. 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 MISO administered market.

Louisiana Operations

Louisiana Hydro operates a hydroelectric generating station on a diversion of the Mississippi River near the Town of Vidalia, Louisiana. Brookfield Renewable holds a 75% residual 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, Entergy Louisiana, Inc., which is a wholly-owned subsidiary of Entergy Inc. The remaining power is sold directly to the Town of Vidalia pursuant to a PPA also expiring in 2031.

Hydroelectric Pumped Storage

Brookfield Renewable owns a 50% joint venture interest with Emera Inc. in the 600 MW Jack Cockwell hydroelectric pumped storage facility in western Massachusetts. This pumped storage facility is one of only three such facilities not owned by regulated utilities in North America. A pumped storage facility 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 a 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, meaning that it takes 1.3 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. Bear Swamp has entered into a 15 year PPA expiring in 2021 with the Long Island Power Authority 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

Brookfield Renewable owns a 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

Leveraging Brookfield Asset Management's long standing presence in Brazil, we entered the Brazilian electricity market in 2001 with the construction of three generating stations totaling 61 MW of hydroelectric capacity. From this initial base, we have grown our asset base significantly to 31 facilities on 21 river systems totaling 512 MW. These facilities generate on average over 2,833 GWh of electricity annually. Substantially all of the facilities in our Brazilian portfolio benefit from the MRE, a balancing pool administered by the government, that allows hydroelectric power generators to share water resources during high and low hydrology periods across different regions. In 2008, certain Brazilian assets originally owned by Brookfield Asset Management were transferred to Brookfield Renewable. As well, Itiquira was purchased by Brookfield Renewable in a series of transactions in April and October of 2008.

Rights to hydroelectric sites are secured in Brazil by obtaining authorizations and concessions from the Brazilian Ministry of Mines and Energy ("**MME**") through the Federal Agency for Electric Energy which acts as manager for the MME. In Brazil, other than for mini hydro plants (less than 7 MW of installed capacity), there are no exemptions for hydroelectric facilities to obtain authorizations and concessions. Concession of hydroelectric plants above 30 MW can only be granted by public auction. For plants over 30 MW, private developers 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.

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 center in the City of Curitiba, in the State of Parana. 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 five hydro stations on four river systems – Pedrinho, Carreiro, Mourão and Antas. The south region facilities have a combined installed capacity of 104 MW and produce on average 557 GWh of electricity annually. There are also two hydro facilities under construction which, when completed, will produce on average about 261 GWh annually.

Southeast Region

Brookfield Renewable's facilities in the southeast region of Brazil consist of 19 hydro stations located on 11 rivers – Manhuaçu, Pomba, Bagres, Sem Peixe, Jequitibá, Bonsucesso, Murlae, Matipó, Novo, Glória and Pinho. Combined, our southeast operations have an installed capacity of 162 MW and can produce on average 762 GWh annually. The southeast operations also have a new hydro facility under construction on the Pomba River.

Midwest Region

Our midwest region facilities include the newly acquired 156 MW Itiquira hydro station. The Midwest region has seven hydro stations with an installed capacity of 246 MW and can produce on average 1,513 GWh of electricity annually. They are located on six river systems – Piranhas, Jaura, Pirancanjuba, Corgão, Coxim and Itiquira.

DEVELOPMENT

Brookfield Renewable has over 800 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 and continues to seek additional opportunities in hydroelectric pumped storage as well.

COMPETITIVE STRENGTHS

Brookfield Renewable benefits from the following competitive strengths:

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

Storage and MRE Capacity. Brookfield Renewable has the equivalent of approximately 35% of its normal average output, or 6,153 GWh, of storage capacity throughout its portfolio, including the MRE, a balancing hydrology pool in which the Company participates in Brazil, providing the ability to avoid spillage, manage water resources and capture higher prices in the competitive markets.

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

Interconnected Markets. Ontario, Québec, New York and New England 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 the Company to capture pricing opportunities that exist between markets or allows the Company to re-supply its customers from those markets.

Energy Marketing Expertise. Brookfield Renewable's centralized power marketing and sales group works to optimize and enhance returns from its existing generation assets while employing a prudent risk management strategy to limit transaction risks. Our power marketing and sales group also provides valuable market intelligence regarding pricing dynamics, regulatory systems and market participants, which serves to support our growth strategy by targeting the most attractive markets.

Revenue Stability. The Company endeavours to maximize the stability and predictability of its power generating revenues by contracting future power sales to minimize the impact of price fluctuations, by diversifying watersheds and by utilizing water storage reservoirs to minimize fluctuations in annual generation levels. Brookfield Renewable also actively manages its energy production and sales, partly through physical and financial contracts, mitigating the impact of price volatility. In Brazil, we participate in the MRE, a government-regulated "balancing pool" which allows hydroelectric power generators throughout Brazil to share hydrology risk by utilizing higher than average generation of other generators during times of low hydrology conditions.

Strong Competitive Position. Brookfield Renewable is one of the lowest cost generators of electricity in North America. The bulk of the Company'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, our hydroelectric assets are competitively positioned relative to other types of generation supply.

Geographic Diversity. The Company's power generating facilities are located in nine distinct power markets reducing the impact of individual market or regulatory risk. The regional diversity of its hydroelectric plants, located on 64 different river systems, materially mitigates the risk of encountering lower overall hydrology.

Financial Strength and Attractive Debt Maturity Profile. Brookfield Renewable has investment grade issuer ratings from Standard & Poor's ("**S&P**") and Fitch Ratings ("**Fitch**") and the Company's debentures are rated by Dominion Bond Rating Service ("**DBRS**") and Fitch. See *"Ratings"* on page 40. Brookfield Renewable 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 the Company to finance these assets with long-term limited recourse debt, with minimal near-term maturities.

REGULATORY ENVIRONMENT

North America

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.

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 and most of New England and the mid Atlantic states have taken steps to open up 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 open markets (for example, power generated in Québec can be sold into the IESO, ISO-NE or NYISO markets), or where the Company can secure PPAs to sell power to third parties at attractive rates.

Brazil

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.

Brazil also created a number of arms-length bodies to administer the electricity sector. The most important body is the Agência Nacional de Energia Elétrica (commonly referred to as ANEEL), which is the main regulatory agency overseeing the electricity sector. ANEEL is responsible for authorizing the development of generation projects and determining the regulated components of electricity end-user tariffs (transmission and distribution). The Operador Nacional do Sistema Elétrico (ONS) is the operator of Brazil's interconnected

system. It is responsible for the centralized dispatch of all generation in the interconnected system to ensure that supply and demand are matched. ONS also supplies the computation models required for commercial dispatch to determine the spot energy prices in the short term market. The Câmara de Comercialização de Energia Elétrica (CCEE) is responsible for the management of energy trades, promoting energy purchase auctions when delegated by ANEEL, and conducting market clearing in both the regulated and deregulated trading environments.

In 2004, the Brazilian government implemented a new model for the power sector whereby the concession of hydroelectric plants above 30 MW only could be granted by public auction. Private developers who bid the lowest tariff win the concession and a PPA with the utilities company.

Wholesale electricity prices in Brazil are market determined and power is sold almost entirely through PPAs. The wholesale market is split into a free market component, in which generators and end-users directly negotiate prices, and a regulated component, in which distribution companies procure energy on behalf of end-users through government-administered auctions from new hydro concessions described above, from new thermal plants or from existing plants. Participation in the free market is limited to larger end-users (industrial and commercial customers) and is voluntary. End-users may move between the two segments subject to advance notice requirements to distribution companies regarding a request to commence or terminate service. Brookfield Renewable sells power under both regimes with contracts awarded under government-administered auction and contracts directly negotiated with end users.

CORPORATE POLICIES

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 team when selling the output from the Company'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 are approved annually by the Board of Directors.

Health and Safety Policy

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. The Company'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. The Company recognizes and is committed to the following health, safety and environmental 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 our 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.

- Prevention through the proactive application of a comprehensive safe work management system.

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

Environmental Policy

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

- Meet 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 our operations and activities in the use of our natural resources.

- Exercise leadership by encouraging and training employees at all levels to ensure environmental stewardship and public safety.

- Ensure that performance demonstrates a leadership position.

- Put in place environmental management systems that support this policy and ensure continual improvement.

Brookfield Renewable is committed to the environmentally responsible management of its assets. Developments undertaken by the Company 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 the Company's ongoing capital expenditure plan.

The Company pays particular attention to dam safety. Inspections and independent evaluations of our 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.

Public safety is also one of our primary concerns. We endeavour to keep the lands and waterways we use for our operations safe for the general public. Brookfield Renewable also conducts information sessions for the general public to educate them of the dangers of using land and waterways of hydroelectric generating facilities for recreational purposes.

Ethical Business Conduct

Brookfield Renewable promotes the highest ethical business conduct. The Company has adopted a Code of Business Conduct and Ethics (**"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. Monitoring of calls is managed by an independent third party called The Network.

RISK FACTORS

The power operations of Brookfield Renewable are 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 may also change permanently because of climate change or other factors, and a natural

disaster could 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 of 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 significant 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. Certain of Brookfield Renewable's PPAs provide for terms that are above market.

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.

Counterparty Risk

Electricity demand by some of Brookfield Renewable's industrial customers could exhibit variations in demand or load. Also, an economic downturn could impair the ability of some end use customers to pay for electricity received. Any such prolonged downturn in the relevant economies could materially and adversely affect the assets, liabilities, business, financial condition, results of operations and cash flow of Brookfield Renewable.

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, the price Brookfield Renewable may pay for transmission of its electricity or the price Brookfield Renewable realizes for the sale of its electricity. 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 and a portion of its outstanding indebtedness are denominated in the local currencies which in some cases are other than US 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 US 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 projects 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 projects 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 the operation of the projects 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.

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.

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, typically involving claims relating to personal injuries, property damage, property taxes, land rights and contract disputes. 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 Asset Management. 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.

Risks Related to Growth

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, labor disruptions and inclement weather.

The demand for power generation equipment such as wind and hydro turbines is increasing rapidly and as a result prices have risen sharply and may continue to rise. 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 labor 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 PPAs.

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.

Risks Associated with Future Acquisitions

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 labor 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.

Risks Related to Brookfield Renewable's Financing

Capital Markets Risk

Future 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 facility 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 the 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 positions. 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 was 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 favor 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.

Interest Rate and 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.

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**") and Class A preference shares (the **"Class A Preference Shares"**) may be paid if, as and when declared by the Board of Directors (the **"Board"**) of the Company. Currently, dividends are paid on the Common Shares quarterly in February, May, August and November of each year. No dividends have been paid to date on the Class A Preference Shares.

Brookfield Renewable was created on March 31, 2008 as a result of the amalgamation between Brookfield Power Inc. and Brookfield Power Corporation. Brookfield Power Corporation did not pay dividends on any of its securities during the three years commencing January 1, 2006. Brookfield Power Inc. paid dividends on its common shares in the amount of $0.13 per common share in each quarter from January 1, 2006 until amalgamation. Brookfield Renewable has paid a dividend on its Common Shares in each quarter since amalgamation of $5.66 per Common Share. Although the dividend paid on the Brookfield Renewable Common Shares and the Brookfield Power Inc. common shares appear to differ significantly, this is largely as a result of the difference in the number of common shares issued and outstanding. 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.

In addition to the quarterly dividend paid on the Common Shares of Brookfield Renewable, on February 24, 2009, the Board declared and paid a special one-time dividend to Brookfield Asset Management on its Common Shares of an aggregate of $1,100 million, or approximately $442.07 per Common Share. Brookfield Asset Management applied this dividend to reduce its outstanding indebtedness with the Company.

CAPITAL STRUCTURE

The authorized capital of Brookfield Renewable consists of an unlimited number of Class A Preference Shares and an unlimited number of Common Shares. On December 31, 2008, there were 2,488,278 Common Shares and 57,077,111.87 Class A Preference Shares issued and outstanding. On February 25, 2009, Brookfield Renewable paid a portion of its outstanding promissory notes in Class A Preference Shares by issuing an additional 54,669,200 Class A Preference Shares to Brookfield Asset Management, bringing the total number of Class A Preference Shares outstanding as of that date to be 111,746,311.87. See *"Capital Structure – Promissory Notes"* for further details.

Class A Preference Shares

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

The holders of Class A Preference Shares are entitled to receive dividends if, as and when declared by the Board. The holders of Class A Preference 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 Preference Shares on payment for each share to be redeemed of $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 Preference Shares are entitled to receive, before the holders of Common Shares or any other class of shares ranking junior to the Class A Preference Shares, an amount equal to the redemption consideration for each Class A Preference 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 Preference Shares as a class or create preference shares ranking in priority to or on parity with the Class A Preference Shares except with the approval of the holders of the Class A Preference Shares given as hereinafter specified in addition to any vote or authorization required by law.

Common 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 A Preference 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.

Promissory Notes

The Company had two outstanding promissory notes aggregating $1,210 million payable to Brookfield Asset Management which were originally put in place at the time of amalgamation. These promissory notes replaced existing capital securities which had been outstanding between Brookfield Power Inc. and Brookfield Asset Management. The notes bear no interest, mature on February 28, 2048 and can be paid at the option of the Company in part or in full by the issuance of Common Shares at any time prior to the maturity date at a price calculated based on the fair market value of the Common Shares at the time of repayment.

On February 24, 2009, the Company authorized the payment through the issuance of Class A Preference Shares of one of the promissory notes in full and a portion of the other promissory note. The payment aggregated $1,100 million and was paid through the issuance of 54,669,200 Class A Preference Shares calculated at an issue price of Cdn$25 per Class A Preference Share. While the promissory notes specified that payment could be made in Common Shares, both the Company and Brookfield Asset Management agreed to payment in Class A Preference Shares in substitution therefor. The payment of the $1,100 million in Class A Preference Shares to Brookfield Asset Management on February 25, 2009 reduced our

intercompany debt with Brookfield Asset Management to $110 million on the remaining promissory note.

RATINGS

The Company's notes issued under the 2006 Prospectus and the 2008 Prospectus are 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. S&P has assigned a "BBB" rating with a stable outlook to Brookfield Renewable. Fitch rates the Company "BBB-" with a stable outlook. Credit 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.

S&P's issuer credit rating is a current opinion of an obligor's overall financial capacity or creditworthiness to pay its financial obligations. S&P's issuer ratings range from AAA to D, which represents the range from highest to lowest quality. According to the S&P rating system, an issuer rated BBB exhibits adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.

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 "high" and "low" grades are not used for the AAA category.

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. In addition, the plus and minus designations indicate relative strength within the respective rating categories. "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.

The ratings herein mentioned are not a recommendation to purchase, sell or hold the Company's notes 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 shareholders of the Company, or until a successor is appointed. For 2008, the directors of Brookfield Renewable are as follows:

Name, Province and Country of Residence	Initial Election Date (including predecessor companies)	Principal Occupation	Fund Units Owned or Controlled
ALEX G. BALOGH [(a),(b)] Ontario, Canada	Director since 1998	Corporate director	—
SIDNEY A. LINDSAY [(a), (c)] Ontario, Canada	Director since 1991	President of Lindsay Consultants, a financial consulting firm	32,500
EDWARD C. KRESS[(b)] Ontario, Canada	Director since 1991	Group Chairman, Power, Brookfield Asset Management	20,000
HARRY A. GOLDGUT Ontario, Canada	Director since 1997	Chairman, Brookfield Renewable	37,700
RICHARD LEGAULT Québec, Canada	Director since 2001	President and Chief Executive Officer, Brookfield Renewable	2,830

(a) Independent Director
(b) Member of the Audit Committee
(c) Chairman of the Audit Committee

The executive officers of Brookfield Renewable are as follows:

Name, Province and Country of Residence	Officer Title	Principal Occupation	Fund Units Owned or Controlled
HARRY A. 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

Name, Province and Country of Residence	Officer Title	Principal Occupation	Fund Units Owned or Controlled
BENJAMIN VAUGHAN Ontario, Canada	Chief Operating Officer and Senior Vice President, Brookfield Energy Marketing Inc.[(1)]	Chief Operating Officer, Brookfield Energy Marketing Inc. [(1)]	1,000
ANDRÉ LEGAULT Ontario, Canada	Chief Operating Officer, Canadian Operations	Chief Operating Officer, Canadian Operations, Brookfield Renewable	—
KIM OSMARS Massachussets, USA	Chief Operating Officer, U.S. Operations	Chief Operating Officer, US Operations, Brookfield Renewable	—
LUIZ RICARDO DE BITTENCOURT SOUZA RENHA Parana, Brazil	Chief Operating Officer, Brazil Operations	President and Chief Executive Officer, Brascan Energética, S.A.	—

(1) Mr. Vaughan has recently been appointed as Chief Operating Officer of North American Operations for Brookfield Renewable.

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

Each of the directors and 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 Senior Vice President. Prior to February 2006, Mr. Vaughan was Vice President of Brookfield Asset Management.
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	Between May and December of 2006, Mr. Osmars was employed as Chief Executive Officer of Hydro Ottawa. Prior to May of 2006, Mr. Osmars was employed with Brookfield Renewable as Vice President, Project Development and Vice President, Ontario Operations.
Luiz Renha	Prior to December 2004, Mr. Renha was President of Cebbra-SA.

EXECUTIVE COMPENSATION

Brookfield Renewable has seven executive officers. Mr. Richard Legault, as Chief Executive Officer, Mr. Donald Tremblay, as Chief Financial Officer, Mr. Harry Goldgut as Chairman, Mr. Benjamin Vaughan as Chief Operating Officer of Brookfield Energy Marketing Inc. (**"BEMI"**) (recently appointed in 2009 as Chief Operating Officer of North American

Operations), and Mr. Kim Osmars as Chief Operating Officer of U.S. Operations are the Named Executive Officers (**"NEOs"**) for purposes of executive compensation disclosure for the Company.

Compensation Discussion and Analysis

Compensation Philosophy

Compensation of the NEOs is determined based on programs managed by the parent of the Company, Brookfield Asset Management, and reflects its compensation philosophy.

Brookfield Asset Management 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 shareholders by basing a significant portion of their total compensation on ownership of Class A Limited Voting Shares or equivalents thereof of Brookfield Asset Management.

Compensation Elements

The primary elements of total compensation for the NEOs are as follows; base salary, annual management incentive plan awards and participation in Brookfield Asset Management's long-term share ownership plans. 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. This practice is consistent with the compensation philosophy of Brookfield Asset Management to reward long-term value creation. A significant amount of annual compensation for the NEOs is represented by participation in long-term share ownership plans, in order for the executives to increase their ownership in Class A Limited Voting Shares of Brookfield Asset Management. This is consistent with Brookfield Asset Management's 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 of Brookfield Asset Management as opposed to cash compensation, thereby further aligning their interests with those of shareholders.

As executives progress within Brookfield Renewable, they are given the opportunity to reinvest their annual cash bonus award into Deferred Share Units of Brookfield Asset Management under Brookfield Asset Management's restricted share unit plan, 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 recommend that Brookfield Asset Management'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 of Brookfield Asset Management under Brookfield Asset Management's management share option plan.

Over the past five years, total compensation for the NEOs has been comprised of approximately 30% base salary, 30% annual incentive awards and 40% long-term share ownership plan awards, typically options to acquire Class A Limited Voting Shares of Brookfield Asset Management. This mix of compensation provides a base level of compensation and compensation designed to motivate NEOs to achieve both short term objectives and long term growth in value.

Performance of Brookfield Renewable is a key factor in the determination of the level of compensation of NEOs. Performance objectives are set at the beginning of the year for Brookfield Renewable. A number of these objectives, both of a qualitative and quantitative nature, relate to the performance of the assets included in Brookfield Renewable's portfolio. These objectives are of a financial, operational and strategic nature. They are designed to measure the performance of Brookfield Renewable with respect to its net operating income (NOI), growth of the portfolio of assets, financing activities, capital improvement programs, operational expenditures, environment, health and safety, as well as sound management governance practices.

Base Salaries

Base salaries for the NEOs are based on individual performance, responsibility and experience. They are reviewed 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 Asset Management. Base salaries tend to remain fairly constant from one year to another as performance is recognized and rewarded mostly though the annual management and long-term incentive plans.

Annual Management Incentive Plan

Brookfield Asset Management's annual management incentive plan (**"bonus"**) provides for cash awards to the NEOs in an amount equivalent to a percentage of base salary. Mr. Legault's and Mr. Goldgut's bonus awards are determined by Brookfield Asset Management. These awards are based on their performance as measured by the achievement of specific objective and subjective goals relating to the growth and performance of Brookfield Renewable. These goals are set at the beginning of the year in consultation with the Chief Executive Officer of Brookfield Asset Management and address the performance of the organization from an operational, financial and management perspective.

The remaining NEOs, Mr. Tremblay, Mr. Vaughan and Mr. Osmars, participate in the variable pay program in place at Brookfield Renewable. Under the parameters of this program, they have a bonus target of 25% of their base salary. Bonus payouts can range from zero to two times their target bonus, depending on results achieved. The amount of the bonus is determined based on the performance of the organization and their contribution to the achievement of Brookfield Renewable's objectives.

The program is designed to measure and reward performance at three levels:

1. Brookfield Renewable Business Performance

   Performance at this level is assessed based on the Net Operating Income (**"NOI"**) results compared to our operating plan. All employees across the organization are impacted by and linked to this metric. It represents the ability of Brookfield Renewable to pay bonuses. This component comprises 40% of the target bonus of each of the three NEOs. The maximum bonus payout under this component is achieved when NOI results exceed target by 15%. There is no payout when results are 20% lower than target. When the NOI goal is met, bonuses are paid out at target bonus level under this component.

2. Working Group Performance

   Results under this performance factor are measured against team objectives that are set at the beginning of the year. Working group objectives are determined based on business objectives at the Brookfield Renewable level and are meant to define the contribution of each group to the achievement of the overall Brookfield Renewable business objectives. This component comprises 40% of the target bonus of an employee. The level of achievement of objectives determines the level of payout, from zero to two times the target, under this portion of the bonus.

   Once objectives are set by the Chief Executive Officer of Brookfield Renewable and the Chief Executive Officer of Brookfield Asset Management in the context of overall performance planning for Brookfield Renewable, these objectives are cascaded down to the four operating business units and the corporate office. The Chief Executive Officer of Brookfield Renewable sets expectations and objectives to be achieved over the course of the year with each Chief Operating Officer of the operating business units. The same goal setting process is conducted with the head of each corporate function.

   Working group performance is assessed against objectives of a financial nature, as well as objectives of a more qualitative but measurable nature. Financial objectives include elements such as revenue generation, management and control of operating costs to approved levels, management and control of sustaining capital expenditures (**"capex"**) and major maintenance costs. Other objectives address growth targets, financing goals for the business, and the need to implement structures and processes to ensure that the organization is well positioned to achieve its growth plan and long-term success, and is compliant with regulatory requirements.

3. Individual Performance

   This performance factor measures the contribution of an employee to the achievement of the objectives of their Working Group and Brookfield Renewable. This component comprises 20% of the target bonus of an employee. Contribution under this factor is assessed in terms of results achieved against individual goals set at the beginning of the year in the context of the performance management process, as well as competencies demonstrated in meeting these deliverables. Competencies expected of employees across Brookfield Renewable are outlined in the performance management framework. The payout level under this portion of the program is determined based on

the employee's performance rating, as assessed through the performance management process; the rating determines a payout level that can vary from zero to two times the target.

During 2008, a number of objectives were achieved to contribute to the growth and enhancement of the organization. We highlight below some of the key achievements that were considered in determining the level of performance of the NEOs under the variable pay program:

- The business performance of Brookfield Renewable was outstanding this year with actual NOI results of $887.8 million exceeding the operating plan of $735.0 million by 21%.
- We completed the reorganization of our operations by consolidating operations in three operating units centrally located in Marlborough, Massachussetts; Gatineau, Québec; and Curitiba, Brazil for the US, Canadian and Brazilian operations, respectively. This has contributed to enhancing operating efficiencies and Brookfield Renewable's presence in countries where it has significant operations and better positions the organization for future growth.
- We achieved significant growth of the Brookfield Renewable platform through the development and construction of projects in Brazil and the acquisition of the Itiquira plants in Brazil and the Twin Cities plant in Minnesota.
- We completed several financings for our North American and Brazilian operations.
- We continued to improve the performance of our operations in the areas of safety, environmental management, reliability of the facilities and the control of our cost structures.

The level of payout achieved by each of the three NEOs assessed under the dimension of working group objectives and individual performance varied between 1.5 to 2 times their target bonus under this component.

Long-term Share Ownership Plans

Brookfield Asset Management's long-term share ownership plans are intended to enable participants to create wealth through increases in the value of Class A Limited Voting Shares of Brookfield Asset Management. The purpose of these arrangements is to achieve an alignment of interest between 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 Asset Management has two different long-term share ownership plans, which are described below in more detail.

The ***Management Share Option Plan*** (**"MSOP"**) governs the granting to executives of options to purchase Class A Limited Voting Shares of Brookfield Asset Management 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 MSOP is administered by the board of directors of Brookfield Asset Management. Options are granted to the NEOs in February of each year as part of the annual compensation review. The Chief Executive Officer of Brookfield Renewable

makes recommendations respecting the allocation of options to the members of the senior management team based on their level of performance and contribution to the achievement of Brookfield Renewable's results. These recommendations are reviewed by the Compensation Committee of the board of directors of Brookfield Asset Management. 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 Asset Management 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 Asset Management gives final approval on these compensation matters.

The number of options granted to an executive 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 Asset Management 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 Brookfield Asset Management's Class A Limited Voting Shares on the appropriate exchange for the five business days preceding the effective grant date.

The ***Restricted Share Unit Plan*** (**"RSUP"**) provides for the issuance of Deferred Share Units (**"DSUs"**) of Brookfield Asset Management, the value of each of which is equal to the value of a Class A Limited Voting Share of Brookfield Asset Management, as well as Restricted Share Appreciation Units (**"RSUs"**) of Brookfield Asset Management, the value of each of which is equal to the increase in value of a Class A Limited Voting Share of Brookfield Asset Management over the value as at the date of issuance. The RSUP is administered by the Compensation Committee of Brookfield Asset Management. 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 Brookfield Asset Management's Class A Limited Voting Shares at the time of the award (the **"Allotment Price"**). In the case of DSUs acquired through the reinvestment of annual 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 Brookfield Asset Management's Class A Limited Voting Shares on the same basis as if the dividends were reinvested pursuant to Brookfield Asset Management's dividend reinvestment plan. The redemption value of DSUs will be equivalent to the market value of an equivalent number of Brookfield Asset Management's Class A Limited Voting Shares on the date employment with Brookfield Asset Management or Brookfield Renewable ceases.

In addition to providing senior executives of Brookfield Asset Management, including members of the senior management team of Brookfield Renewable, with the opportunity to reinvest all or a portion of their annual bonus awards 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 Board.

Performance Graph

The shares of the Company are not publicly traded.

Summary Compensation of NEOs

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

Mr. Goldgut is an employee of Brookfield Asset Management and is remunerated by that company. All of Mr. Goldgut's compensation is charged back to Brookfield Renewable. Messrs. R. Legault and D. Tremblay, are employed and remunerated by Brookfield Renewable. Mr. Vaughan is employed and remunerated by BEMI, a wholly-owned subsidiary of Brookfield Renewable which is the power marketing and sales group responsible for the revenue generation function of the corporation. Mr. K. 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, 2008 to December 31, 2008 which is allocated to the Company.

SUMMARY COMPENSATION FOR NAMED EXECUTIVE OFFICERS FOR 2008

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)** President and Chief Executive Officer	2008	375,059	-	832,000	375,059	-	27,963	1,610,081
Harry Goldgut **(g)** Chairman	2008	351,617	178,941	416,000	-	-	22,554	969,112
Donald Tremblay Executive Vice President and Chief Financial Officer	2008	234,412	-	187,200	99,625	-	38,097	559,334
Benjamin Vaughan Chief Operating Office – BEMI	2008	234,412	49,686	624,000	39,053	-	23,359	970,510

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)
Mr. Kim Osmars Chief Operating Officer, US Operations	2008	250,000	-	41,600	125,000	6,009.63	47,034	422,657

(a) Compensation is normally paid to the NEOs in Canadian dollars, with the exception of Kim Osmars who is paid in US dollars. The US dollar equivalent shown has been calculated for purposes of this summary compensation table using the 2008 average exchange rate of US$1.00 = Cdn$1.0665.

(b) The DSU and option awards in this column for 2008 were granted on February 25, 2009. The DSU awards are issued in lieu of a cash bonus, at the election of the individual. The DSUs were awarded at a price of $14.04 (C$17.65 converted at the Bloomberg mid-market exchange rate on February 25, 2009 at US$1.00 = C$1.2574).

*(c) The figures in this column do not include DSUs awarded in respect of the establishment of Brookfield Infrastructure Partners LP (**"BIP"**). On January 31, 2008, the Corporation established 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 Corporation held. In recognition of the resultant decrease in the intrinsic value of options to purchase Class A Limited Voting Shares issued under the Management Share Option Plans, the Board approved a special payment of $1.00 for each option held by current employees and directors vesting over the period ending December 1, 2010. Senior executives, including some of the Named Executive Officers, received the payment in the form of DSUs based on the 5-day volume weighted price of the Class A Limited Voting Shares for the period ending February 19, 2008. DSUs were also awarded to all holders of Restricted Share Appreciation Units equivalent to the value of one BIP Unit for every 25 Restricted Share Appreciation Units held prior to the establishment of BIP based on the 5-day volume weighted price of the BIP Units and the Class A Limited Voting Shares for the period ending February 6, 2008. The following table shows the number of DSUs awarded and the value of these DSUs (converted using the 2008 average exchange rate of US$1 = C$1.0665):*

Name	*DSUs (#)*	*Value ($)*
Richard Legault	33,930.43	1,012,667
Harry Goldgut	30,550.45	912,456
Donald Tremblay	3,688.33	109,353
Ben Vaughan	8,936.20	264,944
Kim Osmars	-	-

(d) Based on the value of the options issued on the date of grant of $2.08 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 the Corporation's Management Share Option Plans. The options granted at this date are exercisable at a price of $14.04 (C$17.65 converted at the Bloomberg mid-market exchange rate on February 25, 2009 of US$1.00 = C$1.2574 per share)

(e) Some of the Named Executive Officers have elected to reinvest a portion of their entire annual cash bonus in the Corporation 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 and vehicle benefits.

(g) Neither Mr. Goldgut nor Mr. Legault receives any 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, 2008.

Option Awards and Share-Based Awards at December 31, 2008

	Option Awards [(a)] [(b)]		*Restricted Share*		*Share-Based Awards*	
	Vested and Unvested		*Appreciation Unit (RSU) Awards [(b)]*		*Deferred Share Units (DSUs) [(a)]*	
			Vested and Unvested			
	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	941,875	1,622,412	253,125	2,015,132	15,203.65	230,981
Harry Goldgut	805,000	4,139,477	253,125	2,015,132	6,817.41	103,573
Donald Tremblay	136,625	254,948	-	-	5,485.28	83,335
Ben Vaughan	301,063	567,801	-	-	3,353.20	50,943
Kim Osmars	-	-	-	-	-	-

(a) These values do not include the most recent option and DSU awards made to the Named Executive Officers on February 25, 2009.

(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 the Corporation's Class A Limited Voting Shares on the TSX on December 31, 2008 was $15.1925 (C$18.55 converted into U.S. dollars at the Bloomberg mid-market exchange rate on that day of US$1.00 = C$1.2210).

Incentive Plan Awards – Outstanding Option Awards and Restricted Share Appreciation Units as at December 31, 2008.

The following table shows the details of each option and RSU outstanding at December 31, 2008.

Outstanding Option Awards and Restricted Share Appreciation Units as at December 31, 2008

	Options				Restricted Share Appreciation Units (RSUs)		
Name	*Number of Securities underlying unexercised Options (#)*	*Options Exercise price ($) [(a)]*	*Options Expiration Date*	*Market Value of Unexercised Options at December 31, 2008 ($) [(b)]*	*Number of Restricted Share Appreciation Units (#)*	*Issuance Price ($) [(a) (c)]*	*Market Value December 31,2008 ($) [(b)]*
Richard Legault	39,375	6.97	February 13, 2012	323,783	253,125	7.23	2,015,132
	118,125	7.23	February 12, 2013	940,392			
	84,375	10.95	February 11, 2014	358,236			
	393,750	16.72	February 11, 2015	-			
	168,750	22.36	February 14, 2016	-			
	37,500	31.97	February 13, 2017	-			
	100,000	25.90	February 20, 2018	-			
	941,875			*1,622,412*	*253,125*		*2,015,132*
Harry Goldgut	104,375	4.02	February 10, 2010	1,166,529	253,125	7.23	2,015,132
	101,250	5.51	February 9, 2011	980,498			
	84,375	6.97	February 13, 2012	693,822			
	118,125	7.23	February 12, 2013	940,392			
	84,375	10.95	February 11, 2014	358,236			
	168,750	16.72	February 11, 2015	-			
	56,250	22.36	February 14, 2016	-			
	37,500	31.97	February 13, 2017	-			
	50,000	25.90	February 20, 2018	-			
	805,000			*4,139,477*	*253,125*		*2,015,132*
Donald Tremblay	17,625	7.23	February 12, 2013	140,312			
	27,000	10.95	February 11, 2014	114,636			
	22,500	16.72	February 11, 2015	-			
	27,000	22.36	February 14, 2016	-			
	22,500	31.97	February 13, 2017	-			
	20,000	25.90	February 20, 2018	-			
	136,625			*254,948*	-		-
Ben Vaughan	13,500	7.74	February 6, 2012	100,594			
	40,688	7.23	February 12, 2013	323,913			
	33,750	10.95	February 11, 2014	143,294			
	129,375	16.72	February 11, 2015	-			
	33,750	22.36	February 14, 2016	-			
	30,000	31.97	February 13, 2017	-			
	20,000	25.90	February 20, 2018	-			
	301,063			*567,801*	-		-
Kim Osmars	-	-	-	-	-		-

(a) The options exercise price and the RSU issuance price were converted into U.S. dollars at the Bloomberg mid-market exchange rate on December 31, 2008 US$1.00 = C$1.2210.

(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 the Corporation's Class A Limited Voting Shares on December 31, 2008 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, 2008 was $15.19 (C$18.55 converted into U.S. dollars at the Bloomberg mid-market exchange rate on that day of US$1.00 = C$1.2210).

(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 2008.

Option and Share-Based Awards Vested During 2008

Named Executive Officer	Value Vested During 2008 [(a)]			Non-equity incentive plan compensation – Value earned during the year
	Options ($)	DSUs ($)	RSUs ($)	
Richard Legault	1,748,356	813,524	1,077,551	375,059
Harry Goldgut	1,189,354	1,095,570	1,077,551	-
Donald Tremblay	399,029	86,573	-	99,625
Ben Vaughan	592,808	212,495	-	39,053
Kim Osmars	-	-	-	125,000

(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 2008.

Pension Plan

Brookfield Renewable and BEMI sponsor a defined benefit pension plan and a defined contribution pension plan. Mr. Legault and Mr. Tremblay have participated in the defined benefit plan until December 31, 2005; from January 1, 2006 on, they do not accrue additional pension credits in any pension plan sponsored by Brookfield Renewable or BEMI.

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 his 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/Quebec Pension Plan, and (ii) his years of credited service.

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 has elected in 2007 to transfer out of the pension plan the lump sum value of his entitlements.

We provide below the information relative to Mr. Legault's accrued benefits in the Defined Benefit 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 BEMI, all receive an annual contribution of 4.5% of their base salary to invest in their personal retirement savings plans.

In 2008, Mr. Osmars received a contribution of 4.5% of his base salary for a portion of the year during which he was not participating in a registered pension plan. At the end of 2008, he started participating in the 401k plan that is in place in the New England 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 Chief Operating Officer, U.S. Operations	0	6,009.63	21,127.05	27,136.68

Mr. Kim Osmars participates in the Brookfield Power New England LLC (the **"employer"**) Retirement Plan. All non represented employees of Brookfield Power New England 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

None of Brookfield Renewable's executive officers have any change of control arrangement or other compensatory plan, contract or arrangement with their employers.

Compensation of Directors

Name	Director Fee (Per Year)	Total
ALEX G. BALOGH	Cdn$35,000	Cdn$35,000
SIDNEY A. LINDSAY	Cdn$40,000	Cdn$40,000

Directors who are not members of management or otherwise employed by Brookfield Renewable, Brookfield Asset Management 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 two independent directors in compensation for their services as directors during the fiscal year ended December 31, 2008. Mr. Lindsay received an additional Cdn$5,000 retainer for acting as the Chairman of the Audit Committee. 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 Asset Management or subsidiaries thereof, being Messrs. Kress, Goldgut and Legault, are not entitled to receive any compensation for acting as a director of the Company.

Director and Officer Insurance

Brookfield Renewable maintains directors and officers insurance with an annual policy limit of Cdn$50,000,000 subject to a corporate deductible of Cdn$500,000 per loss. Under this insurance coverage, Brookfield Renewable and certain of its associated companies including the Fund (collectively, the "**Organization**") are reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of their 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. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by the

Organization. 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 which have resulted in personal profit or advantage. The cost of such insurance is borne by the Organization and is approximately Cdn$14,742 annually.

Indebtedness of Directors and Executive Officers

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

In fiscal year 2008, the Audit Committee for the Company was composed of the following three directors: Sidney Lindsay (Chairman), Alex Balogh and Edward Kress. Mr. Balogh and Mr. Lindsay 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 Asset Management.

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. Lindsay is a chartered accountant and has been a member of the Institute of Chartered Accountants of Ontario since 1965. He has acted as Chief Financial Officer for a number of companies for more than twenty-five years. In addition to the Company, he currently serves on the audit committee of a publicly traded corporation.

Mr. Balogh is a member of the business advisory board for The Sentient Group, an Australian-based global private equity investment firm. He was previously the Chief Executive Officer of Noranda Minerals Inc. and Chairman and Chief Executive Officer of Falconbridge Ltd. and, in these roles, was responsible for overseeing financial reporting. Mr. Balogh has over forty years of experience as a senior mining executive and has been a member of the board of directors of fifteen public companies.

Mr. Kress has a B. 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 Asset Management.

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, 2007 and 2008, the auditors of the Company billed the following fees to the Company:

	2007 ($)[1]	**2008 ($)**
Audit Fees	$78,282	$1,593,993
Audit-Related Fees	$88,791	421,941
Tax Fees	-	-
All other Fees	-	104,391[2]

(1) Audit fees reported for 2007 include only those applicable to Brookfield Power Corporation, the reporting issuer at the time.

(2) Other fees relate to the translation of the Company's quarterly financial statements and for training sessions provided to educate the Company's finance and accounting staff about key elements of International Financial Reporting Standards 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 mostly of the quarterly reviews of its statutory filings, Sarbanes Oxley 404 compliance work, worked performed in relation to any subsidiary pension plans of the Company and any work done toward prospectuses.

Exemption

Since the Company is a venture issuer as defined in NI 52-110, it is 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

In 2008, the Board was composed of five 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 two directors are considered to be independent of the Company:

- Alex Balogh; and
- Sidney Lindsay.

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

- Edward C. Kress is Group Chairman, Power, Brookfield Asset Management;
- Harry A. Goldgut is Chairman of Brookfield Renewable and a Senior Managing Partner of Brookfield Asset Management; and
- Richard Legault is President and Chief Executive Officer of Brookfield Renewable and a Senior Managing Partner of Brookfield Asset Management.

Directorships

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

- Sidney Lindsay is a director of Wilmington Capital Management Inc.
- Edward C. Kress is a director of Halmont Properties Corporation, Wilmington Capital Management Inc., Brookfield Investments Corporation and Morguard REIT.
- Messrs. Legault, Goldgut and Kress are trustees of the Fund.

Orientation and Continuing Education

In 2008, the Company had a business advisory board whose members include the two independent members, Sidney Lindsay and Alex Balogh, as well as Mr. Kress. As members of the business advisory board, 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. Brookfield Renewable's predecessor, Brookfield Power Corporation, became a reporting issuer in 2005 and at that time expanded its Board to include independent members and to form an Audit Committee. The Company consults with Brookfield Asset Management 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. Individuals who meet those requirements are recommended to the Board as potential candidates for nomination to the Board of the Company.

Compensation

The Board sets the compensation of the independent directors by seeking to ensure that the compensation reflect 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 Asset Management sets the compensation for the Chairman and the Chief Executive Officer, as set out in more detail under *"Executive Compensation"* on page 42.

Other Board Committees

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

Assessments

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

PRINCIPAL HOLDERS OF VOTING SECURITIES

Brookfield Asset Management 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. Registers for the registration and transfer of the Company's debt securities are at the principal office of the Trustee in the City of Toronto, Ontario.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Brookfield Renewable sold to the Fund (480 Boulevard de la Cité, Gatineau, Québec J8T 8R3), its interests in each of (i) Prince Wind, and (ii) Pingston Creek. The aggregate consideration for the acquisition was Cdn$130 million, of which Cdn$65 million was paid in cash and the remaining Cdn$65 million was paid 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, D. Tremblay, A. Legault and K. Osmars) are also executive officers of the Fund. For more information on the Transaction, please see the Fund's prospectus dated December 30, 2008 and the Fund's annual information form dated March 20, 2009 filed on SEDAR under the Fund's publicly filed documents at www.sedar.com.

In March of 2008, Brookfield Renewable sold its transmission assets to Brookfield Asset Management's public infrastructure fund, BIP (181 Bay Street, Suite 300, Brookfield Place, Toronto, Ontario M5J 2T3). Brookfield Asset Management is Brookfield Renewable's sole shareholder and BIP is an affiliate of Brookfield Asset Management. 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. Certain directors of Brookfield Renewable (Messrs. Kress, Goldgut and R. Legault) are also officers of Brookfield Asset Management.

In November of 2008, Brookfield Renewable purchased from its shareholder, Brookfield Asset Management (181 Bay Street, Suite 300, Brookfield Place, Toronto, Ontario M5J 2T3), all of Brookfield Asset Management's ownership interest in BESA for total consideration of $490 million. Certain directors of Brookfield Renewable (Messrs. Kress, Goldgut and R. Legault) are also officers of Brookfield Asset Management.

MATERIAL CONTRACTS

The only material contract relating to the Company is 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 then 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, after the filing of the Prospectus, the Company entered into the Amended and Restated Third Supplemental Indenture dated February 3, 2009 to create the Series 5 medium term notes.

Copies of the Trust Indenture and related supplemental indentures 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 and was appointed by Brookfield Power Corporation in 2004, and by Brookfield Power Inc. in 1981.

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

Additional financial information relating to Brookfield Renewable is available in the Company's financial statements and MD&A for 2008 filed on SEDAR at www.sedar.com. Additional information on the Company can be found also be found on SEDAR or at www.brookfieldpower.com. Additional information relating to the Fund can be found at www.greatlakeshydro.com and on SEDAR at www.sedar.com under the Fund's publicly filed documents.

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 Asset Management 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