BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

(Unaudited)

Brookfield Renewable Power Inc. (formerly Brookfield Power Inc. and Brookfield Power Corporation through amalgamation) is a subsidiary of Brookfield Asset Management Inc.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED BALANCE SHEETS

$US millions	notes	**March 31 2008** *(unaudited)*	December 31 2007
Assets			
Current assets			
Cash and cash equivalents	8	**$ 78**	$ 61
Accounts receivable and other		**332**	259
Derivative assets	6	**18**	31
Due from related party	4	**63**	108
Short-term investments		**172**	176
		663	635
Due from related party	3, 4	**646**	751
Long-term investments		**350**	350
Power generating assets	3, 7	**3,880**	4,053
Other assets	6	**986**	1,102
		$ 6,525	$ 6,891
Liabilities			
Current liabilities			
Accounts payable and other		**$ 207**	$ 192
Derivative liabilities	6	**108**	52
Credit facilities		**12**	12
Current portion of property specific borrowings and other long-term debt		**53**	55
		380	311
Due to related party		**104**	101
Property specific borrowings	3	**2,528**	2,691
Other long-term debt		**1,608**	1,630
Future income tax liability		**102**	134
Debt portion of capital securities	4	**-**	1,103
Other long-term liabilities	6	**307**	355
		5,029	6,325
Non-controlling interests		**214**	217
Shareholders' equity	10	**1,282**	349
		$ 6,525	$ 6,891

See accompanying notes to the consolidated financial statements.

Approved on behalf of Brookfield Renewable Power Inc.:

/s/ Richard Legault

Richard Legault
President and
Chief Executive Officer

/s/ Donald Tremblay

Donald Tremblay
Executive Vice-President and
Chief Financial Officer

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited) *$US millions*	notes	Three months ended March 31 **2008**	2007
Revenues		**$ 321**	$ 257
Operating expenses (excluding depreciation and amortization)			
Operations, maintenance and administration		**49**	42
Fuel and power purchases		**19**	16
Property, capital and other generation taxes		**16**	17
		237	182
Investment and other income		**2**	6
Unrealized derivative loss	6	**(47)**	(18)
		192	170
Expenses			
Interest and financing fees		**78**	66
Interest on capital securities		**31**	31
Depreciation and amortization		**41**	36
Non-controlling interests		**14**	9
(Recovery of) provision for income taxes		**(19)**	9
		145	151
Net income		**$ 47**	$ 19

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF DEFICIT

(Unaudited) *$US millions*	notes	Three months ended March 31 **2008**	2007
Deficit, beginning of period, as previously reported		**$ (261)**	$ (162)
Transitional adjustment for financial instruments		**-**	(27)
Impact of amalgamation	4	**(439)**	-
Net income		**47**	19
Distributions to holder of common shares and capital securities		**(14)**	(13)
Deficit, end of period		**$ (667)**	$ (183)

See accompanying notes to the consolidated financial statements.

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

(Unaudited) *$US millions*		Three months ended March 31 **2008**		2007
Net income	**$**	**47**	$	19
Foreign currency translation				
Unrealized foreign currency translation (losses) gains of self-sustaining foreign operations		**(20)**		6
Net unrealized gains (losses) on hedges of investments in self-sustaining foreign operations		**12**		(6)
		(8)		-
Derivatives designated as cash flow hedges				
Unrealized net losses on derivatives designated as cash flow hedges, net of income taxes of $15 and $8		**(34)**		(18)
Recognition in income of gains on derivatives designated as cash flow hedges, net of income taxes of $nil and $3		**-**		(6)
		(34)		(24)
Other comprehensive loss		**(42)**		(24)
Comprehensive income (loss)	**$**	**5**	$	(5)

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

(Unaudited) *$US millions*		Three months ended March 31 **2008**		2007
Accumulated other comprehensive loss, beginning of period	**$**	**(22)**	$	(55)
Transitional adjustment for financial instruments		**-**		(1)
Other comprehensive loss		**(42)**		(24)
Accumulated other comprehensive loss, end of period	**$**	**(64)**	$	(80)

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *$US millions*	notes	Three months ended March 31 **2008**	2007
Operating activities			
Net income		**$ 47**	$ 19
Add (deduct) non-cash items			
Depreciation and amortization		**41**	36
Unrealized derivative loss		**47**	18
Non-controlling interests		**14**	9
Future income taxes		**(22)**	7
Other		**10**	7
		137	96
Net change in non-cash working capital	11	**3**	4
		140	100
Financing activities and shareholder distributions			
Borrowings		**1**	8
Debt repayments		**(10)**	(6)
Due to/from related party		**-**	10
Issuance of common shares		**200**	-
Distributions:			
- To non-controlling interests		**(12)**	(7)
- To common shareholder and holder of capital securities		**(14)**	(13)
		165	(8)
Investing activities			
Additions to power generating assets		**(31)**	(20)
Acquisitions of power generating assets	7	**(48)**	(16)
Disposition (acquisition) of businesses	3	**92**	(3)
Due to/from related party		**(269)**	-
Other assets		**(33)**	(40)
		(289)	(79)
Effect of foreign exchange rate changes on cash and cash equivalents		**1**	1
Cash and cash equivalents			
Increase		**17**	14
Balance, beginning of period		**61**	81
Balance, end of period		**$ 78**	$ 95
Supplementary information			
Interest paid		**$ 63**	$ 49
Taxes paid		**$ 2**	$ 5

See accompanying notes to the consolidated financial statements.

BROOKFIELD RENEWABLE POWER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2008

1. NATURE AND DESCRIPTION OF THE COMPANY

Brookfield Renewable Power Inc. (the "Company"), formed upon the amalgamation of Brookfield Power Inc. and Brookfield Power Corporation, is incorporated under the laws of Ontario and develops and operates hydroelectric, wind and other power generating facilities in Canada and the United States and a distribution system in Northern Ontario. The Company is wholly owned by Brookfield Asset Management Inc. ("Brookfield").

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's unaudited interim consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles applicable to interim consolidated financial statements. All amounts are reported in United States dollars, unless otherwise noted. These unaudited interim consolidated financial statements should be read in conjunction with the 2007 annual audited consolidated financial statements.

The preparation of these unaudited interim consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and the accompanying notes. In the opinion of management, these unaudited interim consolidated financial statements reflect all adjustments (which include normal, recurring adjustments) that are necessary to state fairly the results for the periods presented. During the periods presented, management has made a number of estimates and valuation assumptions in the determination of accruals, levelized accounting, valuation of financial instruments including derivatives, useful lives, asset impairment, future income tax liabilities, purchase price allocations and pension amounts. Actual results could differ from these estimates and the results reported for the interim periods presented are not necessarily indicative of results that may be expected for the full year.

These unaudited interim consolidated financial statements have been prepared on a basis consistent with the accounting policies disclosed in the consolidated financial statements for the fiscal year ended December 31, 2007 except for the changes in accounting policies described in notes 5 and 6 to these unaudited interim consolidated financial statements.

3. RELATED PARTY TRANSACTIONS

The following table provides additional details on the composition of the long-term due from related party balance as presented on the balance sheet.

$US millions	note	**March 31 2008**	December 31 2007
Promissory note receivable	4	**$ 1,508**	$ -
Promissory notes payable	4	**(1,469)**	-
Other funds on deposit		**607**	751
		$ 646	$ 751

The amounts included in the table above are presented net given the Company's intention and ability to settle these balances on a net basis.

On March 12, 2008, the Company completed the transfer of its transmission operations located in Northern Ontario to Brookfield Infrastructure Partners L.P., a related party through common ownership, for a total value of CDN$208 million consisting of CDN$88 million in cash for the power assets plus the transfer of CDN$120 million in debt and additional consideration for working capital. The transaction was recorded at carrying value and, as a result, the $45 million difference between the exchange amount and the carrying value was treated as a gain on disposition with a related party and booked to contributed surplus, a component of shareholders' equity.

4. AMALGAMATION

On March 31, 2008, Brookfield Power Inc. ("BPI") and its former wholly owned subsidiary Brookfield Power Corporation ("BPC") amalgamated into one entity and changed its name to Brookfield Renewable Power Inc. All assets and liabilities of BPI and BPC have been assumed by the Company. As part of the amalgamation, the $1,109 million of capital securities owed to Brookfield and $446 million in short-term $US denominated balances owed to the Company by Brookfield, outstanding as at December 31, 2007, were replaced with a promissory note receivable from Brookfield of $1,508 million, a promissory note payable to Brookfield in the amount of $780 million (CDN$800 million) and $1,391 million in preferred shares.

In addition, the company issued a $689 million (CDN$708 million) promissory note to Brookfield. The issuance of this promissory note was treated as a return of capital, with the amount applied first against contributed surplus ($250 million) and the excess amount charged to deficit ($439 million).

The $1,508 million promissory note receivable is denominated in Canadian dollars, bears no interest and is repayable at any time at the Company's option.

The two promissory notes issued by the Company totalling $1,469 million bear no interest and mature on February 28, 2048. The notes are subordinate to the Company's term debentures, medium-term notes and corporate credit facilities. At the Company's option, the notes can be repaid at any time with a variable number of common shares based on the fair value of the common shares at the repayment date.

The 57,077,112 preferred shares that were issued have a value of $1,391 million, are non-cumulative and non-voting, with dividends payable at the Company's discretion. They can be redeemed at the Company's option at any time for $CDN25 per share and have preference over common shares upon liquidation.

The impacts on the Company's accounts of this non-cash transaction are summarized in the table below:

$US millions	**Net financial impact**
	Dr/(Cr)
Due from related party – short-term	$ (446)
Promissory note receivable [1]	1,508
Promissory notes payable [1]	(1,469)
Capital securities – debt portion	1,103
Capital securities – equity portion	6
Preferred shares	(1,391)
Contributed surplus	250
Retained earnings	439

[1] Included in Due from related party – long-term on the balance sheet

5. CAPITAL MANAGEMENT

On January 1, 2008, the Company adopted CICA Handbook Section 1535, Capital Disclosures.

The Company's primary capital management objective is to ensure the sustainability of its capital to support continuing operations, meet its financial obligations, allow for growth opportunities and provide stable dividends to its common shareholder. The Company manages its capital to maintain an investment grade credit rating while providing shareholders with a prudent use of leverage to enhance returns and ensure access to incremental borrowings needed to fund new growth initiatives.

The Company manages its capital structure in accordance with changes in economic conditions. Generally, acquisitions and developments are funded with external borrowings and equity. In order to adjust the capital structure, the Company may elect to adjust the dividend amount paid to its common shareholder, increase or reduce the equity participation in new and existing operations, adjust the level of capital spending or issue new preferred or common shares.

The Company manages its capital in order to maintain a debt to capitalization ratio of approximately 75%. As at March 31, 2008, the ratio was 59% (December 31, 2007 – 72%). The capital of the Company consists of its shareholders' equity, capital securities, promissory notes payable to Brookfield and its non-controlling interest. To this total, the Company adds its credit facilities, property specific borrowings and other long-term debt to obtain its total capitalization. The table below presents the calculation of the ratio:

$US millions	**March 31 2008**	December 31 2007
Debt		
Credit facilities	**$ 12**	$ 12
Property specific borrowings	**2,562**	2,727
Other long-term debt	**1,627**	1,649
	4,201	4,388
Shareholders' equity	**1,282**	349
Capital securities	**-**	1,103
Promissory notes	**1,469**	-
Non-controlling interest	**214**	217
Total capitalization	**$ 7,166**	$ 6,057
Debt to capitalization	**59%**	72%

The change in the debt to capitalization ratio during the period is linked to changes in the Company's capital structure resulting from the amalgamation described in note 4. There were no changes in the Company's approach to capital management during the period.

Subsidiaries of the Company have also provided covenants to certain of their lenders for their property specific borrowings. These covenants vary from one agreement to another and include ratios that address debt service coverage. Certain lenders have also put in place requirements that oblige the Company and its subsidiaries to maintain debt and capital expenditure reserve accounts. The consequences to the subsidiaries as a result of being offside of their covenants would be a limitation to the distributions to the Company. As at March 31, 2008, the Company was in compliance with all covenants.

6. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

On January 1, 2008, the Company adopted CICA Handbook Sections 3862 and 3863, Financial Instruments – Disclosures and Presentation.

The Company has exposure to the following risks from its use of financial instruments: market risk, credit risk and liquidity risk. The following accounts are considered by the Company to be financial instruments: cash and cash equivalents, accounts receivable and other, derivative assets and liabilities, due from/to related party, short-term investments, long-term investments, accounts payable and other, credit facilities, property specific borrowings, other long-term debt and other long-term liabilities. The Company's management is responsible for determining the acceptable level of risk and only uses derivative financial instruments to manage existing and anticipated risks, commitments or obligations based on its past experience.

Market Risk

Market risk, the risk that the fair value of future cash flows of financial assets or liabilities will fluctuate due to movements in market prices, is comprised of the following:

(a) Commodity Prices
Some of the Company's generation is not sold under long-term power purchase agreements ("PPA") and is delivered to wholesale power markets at the prevailing market price. The Company enters into energy derivative contracts, primarily to manage the price risk associated with these transactions. The use of such contracts is governed by an established risk management policy that, among other things, sets specific transaction limits. At a hedge's inception and on an ongoing basis, the Company formally assesses whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Commodity derivative assets and liabilities are recorded at their estimated fair value based on the mark-to-market method of accounting, using quoted market prices or, in their absence, third-party indications and forecasts. At March 31, 2008, the current and long-term portions of the fair value of the Company's commodity derivative assets and liabilities and the fair value methodologies used to calculate those values were as follows:

$US millions	March 31 2008	December 31 2007
Short-term derivative assets	**$ 16**	$ 26
Long-term derivative assets	**59**	111
Short-term derivative liabilities	**(107)**	(49)
Long-term derivative liabilities	**(177)**	(214)
	$ (209)	$ (126)
Fair value methodology		
Net position determined using actively quoted prices	**$ (52)**	$ (17)
Net position determined using observable data or market corroboration	**3**	20
Net position determined using extrapolated data	**(160)**	(129)
	$ (209)	$ (126)

The change in the fair values of the Company's commodity derivatives are a result of the current rising price environment for power and fossil fuels.

In addition to financial contracts, our commodity derivatives also include two long-term PPAs, one being with the Long Island Power Authority ("LIPA") and the other with an industrial user owned by Brookfield, both of which were determined to be non-financial derivatives. These two non-financial derivatives do not qualify as cash flow hedges; accordingly, their changes in fair value are recorded through net income.

For the period ended March 31, 2008, the Company's unrealized commodity derivative loss was $47 million (2007 - $18 million). This net loss includes losses of $46 million related to the change in value of the Company's outstanding commodity derivatives (2007 - $17 million), of which $31 million (2007 - $12 million) pertains to the PPA and associated agreements related to LIPA and the industrial user owned by Brookfield which were determined using extrapolated data, and a loss of $1 million for the period (2007 – $1 million) related to the ineffectiveness of hedging contracts.

The unrealized loss included in other comprehensive income ("OCI") for the first quarter of 2008 related to the Company's commodity derivatives, net of the reclass to net income of gains or losses on derivatives that settled during the period, was $26 million, net of tax (2007 - $26 million).

For the three months ended March 31, 2008, a $7 increase or decrease in the market price of power per MWh on the financial instruments recorded in the consolidated interim financial statements, with all other variables remaining constant, would have decreased or increased net income by $58 million and decreased or increased OCI by $19 million. Included in the net income amount is $45 million related to financial instruments whose fair value have been determined using extrapolated data. A $7/MWh change has been used as a sensitivity analysis measure as it is estimated to correspond to a change of $1/MMBtu in natural gas prices in markets where power prices are set by the price of natural gas.

(b) Interest Rates
Fluctuations in interest rates could impact the Company's cash flows, primarily on the interest payable related to the Company's variable rate debt, which is limited to property specific borrowings that have a total principal value of $605 million. As such, the Company and its subsidiaries will, from time to time, enter into agreements designed to minimize the exposure to interest rate fluctuations on these debts. As at March 31, 2008, contracts were outstanding, with a total notional value of $480 million and a net mark-to-market liability of $13 million (December 31, 2007 - $1 million), which was calculated using actively quoted interest rates. As a result of interest rate swap agreements being in place, the Company has only $125 million of debt that is subject to a variable interest rate and the risks associated therein. For the three months ended March 31, 2008, the loss included in OCI related to the interest rate swaps was $8 million, net of tax (2007 - $2 million gain). See note 9 for more information.

For the three months ended March 31, 2008, a 100 basis point rise or fall in interest rates, assuming that all other variables had remained the same, would have resulted in a nominal decrease or increase in the Company's net income and a $15 million increase or decrease in the Company's OCI.

The Company does not rely on any interest income to fund operations.

(c) Foreign Exchange

The Company, as a U.S. dollar functional currency issuer, is exposed to foreign exchange risk on the translation of the accounts of its Canadian self-sustaining operations. In order to mitigate this risk, the Company designates certain monetary liabilities as hedges against its investment in self-sustaining foreign operations. In addition, the Company may manage the risk associated with foreign exchange rate fluctuations by entering, from time to time, into forward foreign exchange contracts and engaging in other hedging strategies. Derivatives that are not designated in an eligible hedge relationship are carried at fair value with changes in fair value recorded in net income in the period in which they occur.

The Company is also exposed to foreign exchange risk arising on the translation of foreign monetary assets and liabilities recorded in its integrated operations. Gains and losses arising on the translation of these operations have a direct impact on the Company's investment and other income.

For the three month period ended March 31, 2008, a 1 cent increase or decrease in the Canadian dollar against the U.S. dollar on the Company's Canadian dollar denominated financial assets and liabilities, assuming that all other variables had remained the same, would have resulted in a $5 million and a $10 million increase or decrease in net income and OCI, respectively. The impact of this potential fluctuation is mitigated in full or in part by the Company's hedges against its investment in self-sustaining foreign operations.

Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default resulting in the Company incurring a financial loss. The Company's cash flows could be negatively impacted in the event of non-performance by counterparties to its financial and physical electricity and gas contracts. The Company minimizes credit risk with counterparties to financial instruments and physical electricity and gas transactions through the selection, monitoring and diversification of counterparties, and the use of standard trading contracts, collateral and other credit risk mitigation techniques. In addition, the Company's power purchase agreements are almost exclusively with customers having long standing credit history or investment grade ratings.

As at March 31, 2008, over 95% of the Company's trade accounts receivable were current and included a total allowance for doubtful accounts of $3 million (December 31, 2007 - $3 million), which represented less than 2% of total trade accounts receivable, and was entirely related to two specific, non-recurring transactions. The quality of the Company's counterparties and the high-level of current accounts receivable mitigate the Company's exposure to credit risk.

In order to engage in energy trading activities, the Company uses collateral deposits and treasury bills as requested by counterparties, the amount of which varies based on the valuation of transactions that are outstanding, as well as the Company's credit rating. As at March 31, 2008, the Company had total outstanding collateral deposits of $25 million (December 31, 2007 - $14 million). Due to the fact that these deposits were cash in nature, their fair value is equal to their carrying value.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial obligations. The Company has a treasury department mandated with ensuring management of available cash resources, financings and compliance deadlines within the Company's consolidated entities. With senior management oversight, the treasury department manages the Company's cash resources based on financial forecasts and anticipated cash flows. Liquidity risk is mitigated by the Company's cash and cash equivalent balances, its access to significant un-drawn credit facilities and through the use and management of short-term investments and amounts due from a related party.

The cash obligations related to the Company's financial liabilities as at March 31, 2008 were:

$US millions	Less than 1 year	2-5 years	More than 5 years	Total
Accounts payable and other	$ 207	$ -	$ -	$ 207
Credit facilities	12	-	-	12
Derivative liabilities [1]	60	22	1	83
Long-term debt				
Property specific borrowings	34	848	1,714	2,596
Finance debt obligation	19	207	570	796
Corporate and other debt	-	439	396	835
Promissory notes	-	-	1,469	1,469
Interest Expense [2]				
Property specific borrowings	150	656	962	1,768
Finance debt obligation	82	342	571	995
Corporate and other debt	42	129	269	440
Total	$ 606	$ 2,643	$ 5,952	$ 9,201

(1) Derivative liabilities exclude amounts related to the PPAs with LIPA and the affiliate of Brookfield due to the fact that these have been determined to be non-financial derivatives.

(2) Represents aggregate interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on rates in effect on March 31, 2008.

7. ACQUISITIONS

Acquisitions that represent business combinations have been accounted for using the purchase method of accounting and the results of the acquired operations have been included in these consolidated interim financial statements from the date of acquisition.

On March 31, 2008, the Company completed the acquisition of a hydroelectric generating facility in Minnesota for cash consideration of $48 million. This 18 MW run-of-the-river merchant facility is located on the Mississippi River and has the capacity to generate on average approximately 104 GWh of energy per year. The preliminary assignment of the entire purchase price was to power generating assets.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were composed of the following:

$US millions	**March 31 2008**	December 31 2007
Cash	**$ 64**	$ 59
Short-term deposits	**14**	2
	$ 78	$ 61

9. FINANCING ACTIVITIES

On February 4, 2008 and February 6, 2008, the Company entered into interest rate swap agreements on behalf of two of its subsidiaries in order to lock in the interest on the variable portion of the property specific debt issued in December and May 2007, respectively. The notional value of each of the swap agreements was $95 million.

At March 31, 2008, the amount included in other long-term liabilities related to these two swaps was $2 million (2007 – $nil). For the period ended March 31, 2008, the loss included in other comprehensive loss related to these two interest rate swaps was $1 million net of tax (Q1 2007 - $nil). See note 6 for more information on the Company's interest rate risk management policies and activities.

10. SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. On January 24, 2008, Brookfield injected $200 million of capital into the Company. In return, Brookfield received 6,827,118 common shares in the Company.

As at March 31, 2008, 108,339,336 common shares were issued and outstanding (December 31, 2007 – 101,512,218). The Company is also authorized to issue an unlimited number of preferred shares, of which 57,077,112 were outstanding as at March 31, 2008 (December 31, 2007 – nil):

$US millions	note	**March 31 2008**	December 31 2007
Common shares		**$ 622**	$ 422
Preferred shares	4	**1,391**	-
Deficit		**(667)**	(261)
Contributed surplus		**-**	204
Accumulated other comprehensive loss		**(64)**	(22)
		1,282	343
Equity component of capital securities	4	**-**	6
		$ 1,282	$ 349

11. CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital was composed of the following:

	Three months ended March 31	
$US millions	**2008**	2007
Accounts receivable and other	**$ (45)**	$ (178)
Accounts payable and other	**46**	187
Effect of foreign exchange	**2**	(5)
	$ 3	$ 4

12. SEGMENTED INFORMATION

The Company operates high quality conventional hydroelectric generating assets located in Canada and the United States, as well as a pumped storage hydroelectric facility and a wind farm. The "Other" reporting segment consists of the activities of the Company's co-generating stations, distribution business and, up to March 12, 2008, the Company's transmission business. These segments represent the Company's reportable segments, which are used to manage the business. The accounting policies of these reportable segments are the same as those described in notes 2 and 3 of the 2007 annual audited consolidated financial statements and notes 2, 5 and 6 of these interim consolidated financial statements.

The Company analyzes the performance of its operating segments based on operating cash flow, which consists of revenues from the Company's power operations, net of operating and maintenance costs, fuel purchases for its cogeneration plants, power purchases, marketing and administration expenses and municipal and other generation taxes on its facilities. Operating cash flow is not a measure of performance under Canadian generally accepted accounting principles, however, management uses this measure to assess the operating performance of its reportable segments.

Three months ended March 31, 2008

	Hydroelectric			**Wind**	**Total**	**Other**	**2008**
$US millions	**Canada**	**United States**	**Pumped storage**		**Renewable Power**		
Revenues	**$ 94**	**$ 166**	**$ 18**	**$ 11**	**$ 289**	**$ 32**	**$ 321**
Operating cash flow	**73**	**130**	**8**	**9**	**220**	**17**	**237**
Interest and financing fees	**19**	**40**	**2**	**4**	**65**	**13**	**78**
Depreciation and amortization	**11**	**17**	**1**	**5**	**34**	**7**	**41**
Power generating assets	**1,448**	**1,754**	**99**	**349**	**3,650**	**230**	**3,880**
Total assets	**1,900**	**2,861**	**182**	**388**	**5,331**	**1,194**	**6,525**

Three months ended March 31, 2007

$US millions	Hydroelectric Canada	Hydroelectric United States	Hydroelectric Pumped storage	Wind	Total Renewable Power	Other	2007
Revenues	$ 73	$ 135	$ 10	$ 10	$ 228	$ 29	$ 257
Operating cash flow	54	103	2	7	166	16	182
Interest and financing fees	16	34	-	5	55	11	66
Depreciation and amortization	8	17	1	4	30	6	36
Power generating assets	1,281	1,703	97	334	3,415	287	3,702
Total assets	1,625	2,655	160	370	4,810	1,295	6,105

13. COMMITMENTS, CONTINGENCIES AND GUARANTEES

The Company has commitments, contingencies and guarantees as described in note 28 of the 2007 annual audited consolidated financial statements.

The Company and its subsidiaries also issue letters of credit under the various credit facilities to be used for general corporate purposes, which include, but are not limited to, guarantees for debt service reserve accounts and collateral for energy trading purposes. As at March 31, 2008, the Company had $140 million in letters of credit outstanding (December 31, 2007 - $139 million).

The Company limits the amount of guarantees for its energy trading activities to CDN$350 million (December 31, 2007 – CDN$350 million), with a total of CDN$305 million issued as of March 31, 2008 (December 31, 2007 – CDN$286 million). The terms of such obligations vary. Historically, the Company has not been obligated to make significant payments for these obligations. No amount was included in the Company's consolidated balance sheet for March 31, 2008 and December 31, 2007 relating to these guarantees.

There have been no other material changes to the Company's commitments, contingencies and guarantees since December 31, 2007.

14. FUTURE ACCOUNTING POLICY CHANGES

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Sections 3062, Goodwill and Other Intangible Assets and 3450, Research and Development Costs. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to initial recognition by profit-oriented enterprises. The new section will be applicable to the Company's financial statements beginning January 1, 2009. The Company is currently evaluating the impact of this pronouncement on its financial statements.

15. SUBSEQUENT EVENTS

On April 28, 2008, the Company completed the previously announced acquisition of 99% of the common shares and 100% of the Series C preferred shares of Itiquira Energética S.A. ("Itiquira"), from NRG Energy Inc. for $288 million. Itiquira owns a 156 MW hydroelectric facility located in Mato Grosso State in Brazil. All power produced by the facility will be sold under a long-term power purchase agreement.