Brookfield Renewable Power

BROOKFIELD RENEWABLE POWER INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS
MARCH 31, 2009

Attached is Management's Discussion and Analysis of the Financial Results of
Brookfield Renewable Power Inc. (formerly Brookfield Power Inc. and
Brookfield Power Corporation through amalgamation).
Brookfield Renewable Power Inc. is a subsidiary of Brookfield Asset Management Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

MAY 1, 2009

INTRODUCTION

The information provided in this Management's Discussion and Analysis of Financial Results ("MD&A") is intended to provide readers with an overview of Brookfield Renewable Power Inc.'s ("Brookfield Renewable" or the "Company") performance for the quarters ended March 31, 2009 and 2008, as well as providing a framework for understanding its long-term growth trends and ability to deliver strong and stable cash flows.

The information in this MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2008. Additional information can also be found on our website at www.brookfieldpower.com and on SEDAR's website at www.sedar.com, filed under the name "Brookfield Renewable Power Inc.".

On March 31, 2008, the Company changed its name to Brookfield Renewable Power Inc. following an amalgamation of Brookfield Power Inc. ("BPI") and Brookfield Power Corporation ("BPC").

BASIS OF PRESENTATION

The financial information contained herein is prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the exception of operating cash flow, which is a non-GAAP measure and may differ from definitions of operating cash flow used by other companies. Operating cash flow is our principal performance measure since it is a tangible measurement and best reflects the cash flows generated by our power assets. We present the information in this format as we believe it is informative for the reader and it presents our business in a meaningful way. We define operating cash flow as revenues from power operations, net of operating and maintenance costs, fuel purchases for the combined cycle natural gas-fired generation plants, power purchases, selling, marketing and administration expenses and property and other generation taxes on our facilities. A reconciliation of operating cash flow to net income as presented in our financial statements is presented in the "Review of Performance for the First Quarter of 2009" section of this report.

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

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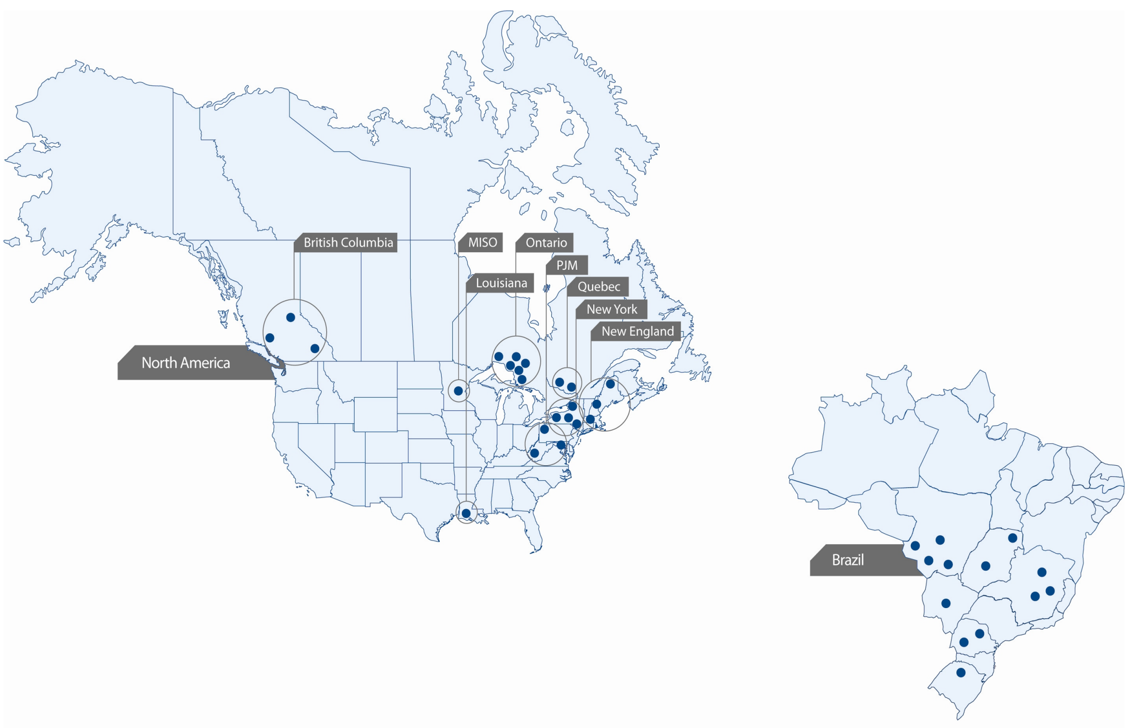
OVERVIEW OF THE BUSINESS

In business for over 100 years, Brookfield Renewable owns and manages renewable power generation facilities that produce and sell electricity generated primarily from water and wind resources. We aim to provide our shareholder with long-term sustainable cash flows and create value over time through disciplined growth and by maximizing the productivity of our operations. Brookfield Renewable owns one of the largest privately owned hydroelectric generating portfolios in the world. Hydroelectric generating assets are a unique asset class in the power industry and rely on simple, proven technology. Hydroelectric assets are considered to be a low cost, long life, flexible and environmentally preferred form of electric power generation. The low variable cost of hydroelectric power, relative to other forms of generation, enables us to sell electricity at a favourable margin under almost all normal market conditions.

The Company is a wholly owned subsidiary of Brookfield Asset Management Inc. (“Brookfield”), a global asset management company focused on property, power and infrastructure assets. Brookfield is listed on the Toronto and New York Stock Exchanges under the symbol BAM, as well as on the Euronext Amsterdam exchange under the symbol BAMA.

Some of the Company’s assets are owned through the Great Lakes Hydro Income Fund (the “Fund”), a publicly traded reporting issuer listed on the Toronto Stock Exchange (symbol: GLH.UN) that we manage and in which we own a 50.01% interest on a fully-exchanged basis. Refer to the section of this MD&A entitled “Portfolio Activities During the First Quarter of 2009” for an explanation of the fully-exchanged basis concept.



OPERATING PLATFORM

The Company owns a portfolio of 3,945 megawatts (“MW”) of renewable power generation comprised of 3,756 MW of hydroelectric generation in Canada, the United States and Brazil, and 189 MW of wind generation in Canada. It also owns two combined cycle natural gas-fired generation facilities with a total capacity of 215 MW and an electricity distribution system in Northern Ontario. In addition to its operating assets, Brookfield Renewable has a significant diversified pipeline of development projects, including 804 MW of projects that are either in construction or advanced development stages.

Operating Assets
(as at March 31, 2009)

Markets	Rivers	Generating Stations	Generating Units	Capacity MW	LTA [(1)] GWh	Storage and MRE[(2)] GWh
Hydroelectric						
Conventional						
Canada	18	32	72	1,318	5,093	1,261
United States	24	98	262	1,291	6,022	1,047
Brazil	21	32	70	532	2,949	2,866
	63	**162**	**404**	**3,141**	**14,064**	**5,174**
Pumped Storage	1	1	2	600	380	1,095
Total Hydroelectric	**64**	**163**	**406**	**3,741**	**14,444**	**6,269**
Wind	–	1	126	189	535	–
Thermal	–	2	6	215	435	–
Power generating assets	**64**	**166**	**538**	**4,145**	**15,414**	**6,269**

(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.

PORTFOLIO ACTIVITIES DURING THE FIRST QUARTER OF 2009

CORPORATE INITIATIVE

On February 4, 2009, we completed the sale of a 49.9% interest in a newly formed holding company, Great Lakes Power Holding Corporation ("GLPHC"), to the Fund. GLPHC now owns the 189 MW Prince Wind farm ("Prince") in Ontario and our 50% joint venture interest in the 45 MW Pingston Hydro station ("Pingston") in British Columbia. Consideration for the transaction was CDN$135 million, including a CDN$5 million working capital adjustment. The transaction was financed through the issuance of CDN$65 million of Fund units to the public, as well as a subscription by the Company of CDN$65 million of GLPHC shares that are exchangeable into 4,062,500 units of the Fund. On a fully exchanged basis, we continue to own a 50.01% interest in the Fund. We recorded a gain of $29 million as a result of the transactions.

COMMISSIONING OF NEW HYDROELECTRIC FACILITIES

On January 31, 2009, we commenced operation of our newly constructed 20 MW Linha Emilia hydroelectric generating facility located in Brazil. The Linha Emilia facility is part of a larger construction project, which also includes the Caçador and Cotiporã generating facilities. The 22 MW Caçador generating station commenced operations in October 2008 while the 20 MW Cotiporã generating station commenced operations in December 2008. Funding for the Linha Emilia project consists of a R$65 million loan from the Brazilian National Bank for Economic Development ("BNDES") that will mature in September 2023 and bears interest at a rate of TJLP (BNDES long-term interest rate) plus a spread of 193 basis points.

EXPIRATION OF LEASE AGREEMENT

On February 28, 2009, a lease agreement expired between our Hydro Kennebec generating station and an external party. The lease agreement was not renewed and the assets were sold to the same external party for a nominal gain. The Hydro Kennebec generating station represented less than 1% of our conventional hydroelectric capacity and LTA.

TREASURY

On February 3, 2009, we completed an offering of CDN$300 million of Series 5 medium term notes (the “notes”). The notes mature in February 2012, rank pari passu with all other existing debt, have semi-annual interest payments, and bear interest at a rate of 8.75% per annum. A portion of the proceeds of this offering were utilized to retire CDN$105 million of Series 1 Canadian corporate debentures that were scheduled to mature in December 2009. On April 13, 2009, we completed the offering of an additional CDN$100 million of Series 5 notes. A total of CDN$65 million of the proceeds were used to repay another portion of the Series 1 Canadian corporate debentures. The remaining proceeds from the February and April 2009 notes issuances will be used for general corporate purposes.

On February 25, 2009, we declared and paid a $1,100 million dividend to Brookfield. Payment of the dividend was effected by reducing the amount receivable from Brookfield. Concurrent with declaration of the dividend, we also issued 54,705,200 Class A preferred shares to Brookfield valued at $1,100 million with proceeds being a reduction in the balance owing to Brookfield.

On March 31, 2009, Powell River Energy Inc. (“PREI”), one of our subsidiaries, obtained a term sheet from a third party lender to provide a non-revolving one year bridge facility of up to CDN$75 million. If the term sheet is accepted in its current form, PREI would be able to access the bridge facility for the purpose of refinancing its first mortgage bonds that mature on July 24, 2009. The third party lender’s commitment would be effective up to July 24, 2009, and funds would be available from the bridge facility in Canadian dollars at prime rate plus a spread or Canada Deposit Offering Rate plus a spread. Any portion of the bridge facility that is not drawn by July 24, 2009 would no longer be available to the Company.

REVIEW OF PERFORMANCE FOR THE FIRST QUARTER OF 2009

SUMMARY

The Company continues to remain relatively unaffected by the current economic recession and credit market restrictions. With a strong balance sheet, the issuance of CDN$400 million of notes to date in fiscal 2009, and a term sheet for a CDN$75 million bridge facility to refinance the PREI first mortgage bonds that mature in July 2009, the financial position of the Company remains strong. Our actions to contract a significant portion of our generation in earlier, higher priced periods enabled us to offset much of the downward pressure from continued low market prices for energy. We remain prudent and focused on surfacing the underlying value of our assets despite the economic conditions and financial market uncertainty, and we continue to seek ways to strengthen our financial position while creating value for our shareholder.

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

($US millions)	Invested Capital [1] As at Mar. 31, 2009	Dec. 31, 2008	Operating cash flow Three months ended March 31, 2009	2008
Conventional hydroelectric generation				
Canada	**$ 1,221**	$ 1,260	**$ 52**	$ 73
United States	**1,927**	1,920	**109**	130
Brazil	**838**	797	**33**	-
Pumped storage				
United States	**100**	100	**9**	8
Total hydroelectric generation	**4,086**	4,077	**203**	211
Wind generation	**288**	290	**7**	9
Other operations	**293**	386	**1**	17
Total Invested capital / operating cash flow	**4,667**	4,753	**211**	237
Interest and financing fees			**(82)**	(78)
Unrealized derivative gain (loss)			**36**	(47)
Depreciation and amortization			**(49)**	(41)
Non-controlling interests			**(22)**	(14)
(Provision for) recovery of income taxes			**(32)**	19
Investment and other income			**38**	2
Net income before interest on capital securities			**100**	78
Interest on capital securities			**-**	(31)
Net income			**$ 100**	$ 47

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

Net income for the first quarter of 2009 was $100 million compared to net income of $47 million during the same period in 2008, an increase of $53 million. The increase in net income is mainly due to unrealized gains on derivatives and a decrease in interest expense on capital securities. These increases were partially offset by higher tax expense associated with the increased net income during the first quarter of 2009 compared to the same period in 2008 and increased expense associated with non-controlling interests.

As a result of decreased revenue during the first quarter of 2009, our operating cash flow decreased by $26 million from $237 million during the first quarter of 2008 to $211 million during the first quarter of 2009. Lower generation in the Ontario and New York regions was more than offset by additional generation provided by facilities acquired since March 31, 2008, including Twin Cities, Itiquira and Brascan Energetica S.A. ("BESA"). However, weakening of the Canadian dollar compared to the U.S. dollar negatively impacted the average realized price obtained during the first quarter of 2009. Oil and gas prices have declined significantly since the middle of 2008 and continue to be lower than prices during the first half of 2008. Electricity prices have followed suit. In particular, our average realized price from conventional hydroelectric facilities decreased to $70 per MWh during the first quarter of 2009 from $77 per MWh during the first quarter of 2008. Approximately $5 per MWh of this decrease is due to the weakening of the Canadian dollar.

Interest and financing fee expense for the first quarter of 2009 was $4 million higher than it was during the same period of 2008, primarily due to the addition of debt associated with the acquisition of the Itiquira and BESA facilities. The increased interest and financing fee expense was partially offset by the elimination of a CDN$120 million debt from the disposition of the transmission assets during the first quarter of 2008 and by the positive impact of the weakening Canadian dollar on our Canadian dollar debt.

During the first quarter of 2009, we recorded a $36 million net unrealized gain in the statement of income as a result of changes in the value of our commodity derivatives, compared to a $47 million net unrealized loss on commodity derivatives during the same period in 2008. This fluctuation in the value of our commodity derivatives compared to the first quarter of 2008 is consistent with the variation we have seen in the gas markets moving from a high priced environment in the first half of 2008 to subsequently fall to lower prices in the latter half of 2008 and the first quarter of 2009.

Unrealized commodity derivative gain (loss) includes:

	Three months ended March 31,	
$US millions	**2009**	2008
Gain (loss) related to the LIPA contract	**$ 19**	$ (21)
Gain (loss) on commodity derivatives not qualifying for hedge accounting	**14**	(15)
Gain (loss) related to the long-term PPA with an industrial company owned by Brookfield	**3**	(10)
Loss related to hedge ineffectiveness on derivatives qualifying for hedge accounting	**-**	(1)
	$ 36	$ (47)

At times when electricity prices are rising, which is positive for our business, we will generally record mark-to-market losses in our net income on certain financial contracts. These losses do not mean that we are selling electricity at a negative profit margin, but rather they are a measure of the opportunity that we have lost because we agreed to sell the electricity that we will generate in the future at a lower price than the current market price. Conversely, if market prices fall significantly, we may record gains to reflect the fact that we agreed to sell power in the future at prices that are greater than the current market prices.

Depreciation and amortization expense of $49 million during the first quarter of 2009 was $8 million higher than the amount recorded during the same period in 2008 due to commissioning of new facilities and acquisitions undertaken since March 31, 2008, most notably the acquisition of the Itiquira and BESA facilities. The weakening of the Canadian dollar also positively impacted depreciation expense on the Canadian assets.

Non-controlling interests relate to income associated with the non-controlling interests in our consolidated entities. The $8 million increase during the first quarter of 2009 compared to the first quarter of 2008 was primarily due to the strong financial performance of the Bear Swamp hydro facility and the Catalyst Old River Hydroelectric facility.

Income tax expense of $32 million during the first quarter of 2009 is comprised of current tax expense in the amount of $22 million and $10 million of future tax expense. Compared to the $19 million recovery recorded during the first quarter of 2008, income tax expense increased by $51 million during the first quarter of 2009, primarily due to increased net income before income taxes as a result of unrealized gains on derivatives and a gain on investment on the disposition of assets to the Fund. Also contributing to the variance is a $22 million one-time income tax recovery that was recorded during the first quarter of 2008 related to a change in our foreign exchange position following the amalgamation of BPI and BPC.

Investment and other income of $38 million during the first quarter of 2009 increased by $36 million compared to the first quarter of 2008, primarily due to an $11 million gain from dilution of our interest in the Fund, an $18 million gain related to the sale of the Prince and Pingston assets to the Fund through GLPHC, and additional interest earned on increased cash balances on deposit.

SEGMENTED OPERATING RESULTS

(GWh)	Long-term Average[1] Three months ended March 31, **2009**	2008	Actual Production[1] Three months ended March 31, **2009**	2008
Conventional hydroelectric generation				
Canada	**1,189**	1,189	**1,195**	1,396
United States	**1,682**	1,666	**1,837**	1,966
Brazil	**692**	-	**705**	-
Total conventional hydroelectric generation	**3,563**	2,855	**3,737**	3,362
Pumped Storage				
United States	**96**	96	**72**	90
Wind generation	**141**	139	**114**	118
Thermal generation	**216**	216	**112**	222
Total generation	**4,016**	3,306	**4,035**	3,792

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

CONVENTIONAL HYDROELECTRIC GENERATION

	Three months ended March 31,			
	2009		2008	
($US millions)	**Revenue**	**Operating cash flow**	Revenues	Operating cash flow
Canada	**$ 73**	**$ 52**	$ 94	$ 73
United States	**141**	**109**	166	130
Brazil	**46**	**33**	-	-
Total	**$ 260**	**$ 194**	$ 260	$ 203
Per MWh	**$ 70**	**$ 52**	$ 77	$ 60

During the first quarter of 2009, operating cash flow from our conventional hydroelectric generating assets decreased by $9 million or 4% compared to operating cash flow generated during the first quarter of 2008. Our financial results were positively impacted by acquisition of the Twin Cities, Itiquira, and BESA generating facilities that occurred after March 31, 2008, as well as the commissioning of three new generating facilities in Brazil in the fourth quarter of 2008 and during the first quarter of 2009. Lower realized prices on a portion of our generation not sold forward, weakening of the Canadian dollar compared to the U.S. dollar, and lower generation than last year from existing assets in Canada and US more than offset the additional contribution from our new assets.

Generation from conventional hydroelectric facilities of 3,737 GWh was 375 GWh higher than generation during the first quarter of 2008. However, acquired or commissioned facilities contributed 729 GWh,while generation from existing facilities was 354 GWh lower than last year, decreasing revenue by $24 million compared to the first quarter of 2008.

Realized prices from our conventional hydroelectric portfolio decreased by 9% to $70 per MWh compared to levels experienced during the same period in 2008. A significant portion of the shortfall resulted from the weakening of the Canadian dollar compared to last year which negatively impacted our results by $14 million. Market prices were almost 30% lower on average during the first quarter of 2009 compared to the first quarter of 2008 but only affected a small portion of our portfolio, reducing our revenue by approximately $8 million. Our long standing strategy of contracting a significant portion of our generation under long-term PPAs and shorter term financial contracts helped us to avoid much of the negative impact of declining market prices as a significant portion of our generation had been contracted during periods when higher prices prevailed.

PUMPED STORAGE HYDROELECTRIC GENERATION

	Three months ended March 31,			
	2009		2008	
($US millions)	**Revenue**	**Operating cash flow**	Revenues	Operating cash flow
United States	**$ 16**	**$ 9**	$ 18	$ 8

Generation at our pumped storage facility during the first quarter of 2009 was 20% lower than generation during the first quarter of 2008 and 25% lower than LTA.. The lower production volume was offset by higher revenue from the sale of capacity and ancillary services, and lower operating costs due to lower generation. These variations resulted in a $1 million increase to operating cash flow from this facility compared to the first quarter of 2008.

WIND GENERATION

	Three months ended March 31,			
	2009		2008	
($US millions)	**Revenue**	**Operating cash flow**	Revenues	Operating cash flow
Wind power	**$ 9**	**$ 7**	$ 11	$ 9

Operating cash flow from our wind facility declined due to the weakening of the Canadian currency compared to the US currency. Generation of 114 GWh was 3% lower than generation during the first quarter of 2008.

COMBINED CYCLE NATURAL GAS-FIRED GENERATION

	Three months ended March 31			
	2009		2008	
($US millions)	**Revenue**	**Operating cash flow**	Revenues	Operating cash flow
Thermal power(1)	**$ 11**	**$ 1**	$ 21	$ 8

(1) Includes gas resale power equivalent.

Our combined cycle natural gas-fired generation facilities include a 110 MW facility located in Ontario and a 105 MW facility located in New York State. The decrease in revenue and operating cash flow during the first quarter of 2009 was attributable to the expiration of below market gas supply contracts of our Ontario facility during the fourth quarter of 2008 which allowed us in the past to resell gas at higher margins. Weakening of the Canadian dollar compared to the US dollar between the first quarter of 2008 and the same period in 2009 also had an unfavourable impact on the results of our Ontario facility.

DISTRIBUTION

Distribution revenues of $4 million during the first quarter of 2009 were $7 million lower than transmission and distribution revenues earned during the first quarter of 2008. Last year's revenues in this segment included $6 million from our transmission business which was sold during the first quarter of 2008. The weakening Canadian currency compared to the US currency also had a negative impact of $2 million on our distribution revenues during the first quarter of 2009. However, this was offset by a $1 million revenue increase that was primarily attributable to a rate increase approved by the Ontario Energy Board ("OEB") for our Great Lakes Power Limited ("GLPL") subsidiary during the fourth quarter of 2008.

OUTLOOK

In our opinion, the economic climate and industry factors are substantially unchanged from those expressed in our 2008 annual MD&A.

Our financial position reflects the ability of our business to withstand economic challenges and it positions us well to take advantage of future opportunities to grow the business as those opportunities present themselves. We have over $900 million of cash, cash equivalents, short-term investments and balances on deposit with Brookfield, as well as a portfolio of operating assets that have the ability to generate steady operating cash flows, evidenced by the $211 million that was provided from operating activities during the first quarter of 2009 alone. During the first quarter and in April 2009, we were able to raise CDN$400 million from the issuance of medium-term notes and our Great Lakes Hydro Income Fund subsidiary was also successful in raising proceeds of CDN$75 million from a public offering of trust units in January 2009 to fund the cash portion payable to Brookfield Renewable for the acquisition of the Prince Wind farm and 50% joint venture interest in the Pingston Hydro station.

We also advanced the development of greenfield opportunities during the first quarter of 2009, including our 50 MW Gosfield wind project in Southwestern Ontario. The Gosfield facility will be capable of producing enough electricity for approximately 15,000 homes annually and was awarded a 20 year PPA by the Ontario Power Authority during the first quarter of 2009. We are currently finalizing the design and securing the financing for the project, and we plan to commence construction during the latter part of 2009. In Brazil, one of our most attractive development areas, we commissioned another hydroelectric generating facility during the first quarter of 2009 and we are also well advanced on the construction of two new hydroelectric generating plants, which we expect will commence operation before the end of the 2009 fiscal year.

Approximately 76% of our projected generation for the rest of 2009 and 2010 is subject to fixed price long-term bilateral power sales agreements or shorter-term financial contracts. The remaining generation will be sold into wholesale electricity markets when certainty of generation is higher. Our long-term sales contracts, which account for approximately 52% of total generation during this period, have an average term of 13 years. The following table sets forth our contract profile over the next five years, assuming long-term average generation:

Years ended December 31	2009(1)	2010	2011	2012	2013
Generation (GWh)					
Contracted:					
Hydroelectric generation	5,127	6,921	6,446	5,685	5,450
Wind generation	394	536	536	536	536
Other	298	399	398	399	399
Power sales agreements	5,819	7,856	7,380	6,620	6,385
Financial contracts	3,450	2,911	-	-	-
Uncontracted	2,008	4,334	7,721	8,482	8,717
	11,277	15,101	15,101	15,102	15,102
Contracted generation % of total	82%	71%	49%	44%	42%
Contracted revenue ($US millions)	$ 621	$ 775	$ 539	$ 503	$ 498
Price ($/MWh)	$ 67	$ 72	$ 73	$ 76	$ 78

(1) Amounts for 2009 represent the period from April 1st to December 31st.

Despite the current economic recession that continues to impact global financial markets and uncertainty about the timing of a recovery, we still believe in the strong underlying principles that have made us successful to date. However, we also remain focused and prudent with regard to our utilization of cash resources and with the decisions we make regarding acquisitions and development of greenfield opportunities. Demand for oil and gas continues to be lower than in recent years and prices for these commodities continue to be significantly lower than levels experienced during the first half of 2008. However, current prices for oil and gas do not change our long-term view of energy prices and we continue to believe that we are well positioned to face the challenges of financial market uncertainty, credit restrictions, and short term declines in energy prices. The current period of low gas prices will result in a reduction of natural gas supply. We expect that natural gas and electricity prices should recover and converge back to our expected long term levels in the next few years, creating an opportunity for us to capture additional revenue. Our high quality assets produce stable cash flows and our long-standing strategy of contracting significant portions of our electricity generation through long-term PPAs and shorter term financial contracts ensures the stability of those cash flows into the future, allowing the business to sustain itself during economic challenges such as those facing the world today.

FINANCIAL POSITION

We continue to have a strong balance sheet with cash and cash equivalents in the amount of $133 million, in addition to access to undrawn credit facilities ($195 million), liquidity from our short-term investment portfolio ($142 million), and funds on deposit with Brookfield ($629 million). Based on our industry experience and ability to generate operating cash flows, we believe that our current resources are adequate to meet our requirements for working capital and capital expenditures through the foreseeable future.

However, we recognize the current instability in the capital markets and the scarcity of available capital, and we are closely monitoring our overall liquidity and allocating capital in a prudent manner.

The information in this section enables the reader to obtain additional information on our consolidated financial position.

CASH AND CASH EQUIVALENTS

	First quarter ended March 31	
($US millions)	**2009**	2008
Cash flow from operating activities	**$ 211**	$ 140
Cash flow provided by financing activities	**153**	165
Cash flow used in investing activities	**(379)**	(289)
Impact of foreign exchange on cash	**4**	1
Net cash (outflow) inflow	**$ (11)**	$ 17

Cash and cash equivalents were $133 million as at March 31, 2009, representing an $11 million decrease since December 31, 2008.

Operating Activities

During the first quarter of 2009, we generated $211 million from operating activities, representing a $71 million increase compared to the first quarter of last year. A $7 million decrease in operating cash flow net of interest and financing fees and interest on capital securities was offset by an $78 million increase from changes in non-cash working capital items compared to the first quarter of 2008, primarily as a result of a decrease in collateral requirements for power marketing activities and increased interest payable.

Financing Activities

During the first quarter of 2009, we generated $153 million from financing activities mostly from the CDN$300 million issuance of Series 5 notes offset by the partial repayment of CDN$105 million of Series 1 corporate debentures.

Investing Activities

During the first quarter of 2009, we advanced $283 million to Brookfield, mainly from the proceeds of the Series 5 notes issuance and the sale of the Prince Wind and Pingston Hydro assets, and invested $43 million in capital asset additions, primarily on construction of projects in Brazil. An additional $53 million of funds was placed in escrow at our Louisiana facility and classified as other assets in our statement of cash flows.

POWER GENERATING AND OTHER ASSETS

The book value of our power generating assets and other assets decreased to $5,515 million as at March 31, 2009. Investment in capital assets ($43 million) was offset by depreciation expense ($49 million) and the unfavourable impact of foreign exchange on our Canadian and Brazilian assets during the first quarter of 2009.

($US millions)	**March 31 2009**	December 31 2008	Change
Power generating assets	**$ 4,473**	$ 4,498	$ (25)
Other assets	**1,042**	1,033	9
	$ 5,515	$ 5,531	$ (16)

DERIVATIVE ASSETS AND LIABILITIES

Derivative assets and liabilities, primarily comprised of short-term financial contracts and certain long-term physical PPAs that qualify as non-financial derivative instruments, fluctuate from time to time depending on market conditions. Changes in the fair values of derivative instruments that are designated as hedges of future cash flows are recorded in other comprehensive income. When the derivative instrument is not designated as a hedge of future cash flows, changes in its fair value are recorded in our consolidated statement of income.

($US millions)	**March 31 2009**	December 31 2008	Change
Short-term derivative assets	**$ 106**	$ 62	$ 44
Long-term derivative assets	**93**	88	5
Short-term derivative liabilities	**(10)**	(11)	1
Long-term derivative liabilities	**(60)**	(81)	21
	$ 129	$ 58	$ 71

Long-term derivative assets and liabilities are included in other assets and other long-term liabilities on our balance sheet. The impact of the net change in value of these assets and liabilities affected our net income during the first quarter of 2009 by $32 million, while $39 million impacted our other comprehensive income. As at March 31, 2009, $58 million is held as net collateral in respect of our total mark-to-market position.

CAPITALIZATION

Our strong and flexible capital structure enables us to provide financial stability and a low cost of capital to our operations, as well as the ability to react quickly to acquisition opportunities.

Given the nature of our operations, the industry in which we operate, and our contractual arrangements, our cash margin is stable and contributes to our solid credit profile.

The following table presents Brookfield Renewable Power Inc.'s capitalization using book values:

($US millions)	**March 31 2009**	December 31 2008	Change
Credit facilities	**$ 100**	$ 101	$ (1)
Property specific borrowings	**2,673**	2,722	(49)
Corporate debentures	**786**	654	132
Other long-term debt non recourse to the Company	**921**	924	(3)
Promissory notes due to Brookfield	**111**	1,235	(1,124)
Non-controlling interests	**292**	239	53
Shareholder's equity			
Preferred shares	**2,491**	1,391	1,100
Common shares	**622**	622	-
Other components of shareholder's equity	**(1,619)**	(640)	(979)
Total	**$ 6,377**	$ 7,248	$ (871)

Total capitalization decreased by $871 million since December 31, 2008, primarily as a result of the $1,100 million reduction in related party balances partially offset by net income of $100 million and issuance of Series 5 corporate debentures (CDN$300 million) net of the Series 1 repurchase (CDN$105 million).

As part of our financing strategy, we raise the majority of our debt capital in the form of asset-specific borrowings. These borrowings are generally secured by the assets of the related property and, as such, limit the exposure of the Company in the unlikely case of default. We provide covenants to certain of our lenders, as do most borrowers. We were in compliance with all debt-related covenants at March 31, 2009.

In early February 2009, we repurchased CDN$105 million of the CDN$450 million Series 1 corporate debentures with proceeds from the CDN$300 million notes issuance. During April 2009, we raised another CDN$100 million from the issuance of notes, of which CDN$65 million of the net proceeds were used to repurchase another portion of the Series 1 corporate debentures. We continue our efforts to refinance the remaining CDN$280 million balance.

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. At March 31, 2009 and the date of this MD&A there were 2,488,278 common shares of the Company issued and outstanding (December 31, 2008 – 2,488,278) and 111,782,312 preferred shares issued and outstanding (December 31, 2008 – 57,077,112). We issued 54,705,200 Class A preferred shares to Brookfield with a value of $1,100 million during the first quarter of 2009 in return for a $1,100 million reduction of the balance of promissory notes due to Brookfield.

We continue to maintain investment grade unsecured issuer ratings from DBRS (BBB (High)), Standard and Poor's (BBB) and Fitch (BBB), which are influenced by a prudent level of low-cost asset financing and modest levels of corporate debt. The long-life nature of our assets has allowed us to finance with non-recourse debt and minimal near-term maturities, minimizing risks associated with liquidity and refinancing. We manage our capital in order to maintain a debt to capitalization ratio below 75%. The debt to capitalization ratio was below the maximum threshold at March 31, 2009 and December 31, 2008 (70% and 61%, respectively).

SUPPLEMENTAL INFORMATION

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

CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations as of March 31, 2009:

($US millions)	2009 (3)	2010	2011	2012	2013	Thereafter	Total
Long-term debt							
Property specific borrowings	$ 286	$ 138	$ 54	$ 569	$ 22	$ 1,639	$ 2,708
Finance debt obligation	29	38	42	46	51	571	777
Corporate and other debt	275	2	2	253	29	388	949
Promissory notes	-	-	-	-	-	111	111
Capital projects (1)	72	-	-	-	-	-	72
	662	178	98	868	102	2,709	4,617
Interest Expense (2)							
Property specific borrowings	152	162	157	150	121	927	1,669
Finance debt obligation	80	77	73	69	64	550	913
Corporate and other debt	49	47	47	36	24	209	412
	281	286	277	255	209	1,686	2,994
Total	$ 943	$ 464	$ 375	$ 1,123	$ 311	$ 4,395	$ 7,611

(1) In the normal course of operations, the Company has committed as at March 31, 2009 to spend approximately $72 million on capital projects.

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

(3) Up to December 31, 2009.

GUARANTEES

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as energy trading and marketing, business dispositions, business acquisitions, construction projects, capital project purchases, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay third parties, as many of the agreements do not always specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under such indemnification agreements. We provide guarantees as described in note 30 to the 2008 audited consolidated financial statements. There have been no material changes for the quarter ended March 31, 2009 related to our guarantees.

RELATED PARTY TRANSACTIONS

From time to time the Company enters into agreements and transactions with Brookfield and some of its affiliates. The Company also holds short and long-term investments in Brookfield and its subsidiaries that generate interest income.

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

	Three months ended March 31	
($US millions)	**2009**	2008
Revenues		
Sale of power	**$ 6**	$ 8
Investment and other income		
Interest earned on demand deposits, promissory notes, and securities with affiliated companies	**3**	3
Expenses		
Interest expense on capital securities	**-**	31
Interest expense on note payable	**2**	5
Insurance services arranged by Riskcorp Inc.	**3**	4

SUMMARY OF HISTORICAL QUARTERLY RESULTS

Variations in operating cash flows are correlated with the amount of electricity generated in any given quarter, which is in turn dependent primarily on available water inflows, as well as realized prices due to marketing and asset enhancement initiatives. The following is a summary of unaudited quarterly financial information for the last eight consecutive quarters:

($US millions, except generation)	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Power generated (GWh)	**4,035**	3,203	3,399	4,039	3,792	2,651	2,196	3,174
Revenues	**$ 300**	$ 238	$ 289	$ 336	$ 321	$ 225	$ 179	$ 243
Operating cash flow	**211**	148	185	237	237	135	96	161
Net income (loss)	**100**	59	148	23	47	(17)	(27)	6

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements are prepared in accordance with Canadian GAAP, which require the use of estimates and judgment in reporting assets, liabilities, revenues, expenses and contingencies. In the judgment of management, none of the estimates outlined in note 2 (Significant Accounting Policies) and note 3 (Changes in Accounting Policies) to the 2008 audited consolidated financial statements are considered critical accounting estimates as defined in regulation 51-102, with the exception of the estimates related to certain derivative financial instruments. These estimates are critical given the significance of derivative financial instruments as well as the number of assumptions used in determining their fair value. Estimates include determination of accruals, levelized accounting, purchase price allocations, useful lives, asset impairment testing, future income tax liabilities and those relevant to the defined benefit pension and non-pension benefit plans. Estimates are based on historical experience, current trends and various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

SIGNIFICANT CHANGES IN ACCOUNTING STANDARDS

On January 1, 2009, we adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook ("Handbook") Section 3064, *Goodwill and Intangible Assets*, replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs*. Handbook Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangibles by profit-oriented enterprises. Implementation of Handbook Section 3064 did not have any material impact on the Company's financial statements.

FUTURE ACCOUNTING POLICY CHANGES

IFRS

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Canadian Securities Administrators ("CSA") in Staff Notice 52-321 - *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB* also indicated that it would be prepared to provide exemptive relief to Canadian reporting issuers permitting them to prepare their financial statements in accordance with IFRS for financial periods beginning before January 1, 2011. We have applied to the CSA for exemptive relief to prepare our financial statements in accordance with IFRS for periods earlier than January 1, 2011. The application is under review.

IFRS is premised on a conceptual framework similar to GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. A key performance indicator for the Company is operating cash flow as defined on page 2. While the adoption of IFRS will not change the operating cash flow generated by the Company significantly, it will change our consolidated balance sheet and statement of income materially.

The Company has developed a conversion plan and is actively preparing itself for the changeover to IFRS. The conversion plan addresses matters including selection of IFRS accounting policies both upon adoption and prospectively, the need to modify information technology and data systems, the development of IFRS expertise, the changes to internal controls and disclosure controls as a result of new accounting policies, in addition to other related business matters. Overall responsibility for the implementation and success of the Company's conversion plan rests with the Company's senior financial management who report to and are overseen by the Company's Audit Committee.

The Company, pending the CSA granting exemptive relief, is proceeding with its conversion plan to prepare its financial statements in accordance with IFRS for periods beginning January 1, 2010. Accordingly, it has staff dedicated to the conversion and is preparing a preliminary pro forma January 1, 2009 opening balance sheet in accordance with IFRS. The Company has evaluated and selected some of its significant IFRS accounting policies for prospective application and the impact of these selections on internal controls and disclosure controls is being assessed. Priorities for 2009 will be to assess and implement the necessary modifications to information technology and data systems as well as communicate throughout the Company the impact of transitioning to IFRS. We will continue to report on the key elements and timing of the conversion plan in our interim MD&As throughout 2009.

The following paragraphs describe the impact of significant differences between Brookfield Renewable's March 31, 2009 balance sheet and income statement under GAAP and its restated March 31, 2009 balance sheet and income statement under IFRS as well the impact of first-time adoption of IFRS on the January 1, 2009 balance sheet. This analysis and discussion has been prepared using the standards and interpretations currently issued and expected to be effective at the end of our first annual IFRS reporting period, which we expect to be December 31, 2010. Certain accounting policies expected to be adopted under IFRS may not be adopted and the application of such policies to certain transactions or circumstances may be modified and as a result the March 31, 2009 underlying values prepared on a basis consistent with IFRS are subject to change. Furthermore, Brookfield Renewable is still in the process of evaluating the impact of its transition from GAAP to IFRS and accordingly the conclusions may change. As such, the balance sheet as of January 1, 2009 and the balance sheet and income statement as at March 31, 2009 have not been audited or subject to a review by the Company's auditor.

First-time Adoption of International Financial Reporting Standards

Brookfield Renewable's adoption of IFRS will require the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and limited optional exemptions in specified areas of certain standards from this general requirement. The following are the optional exemptions available under IFRS 1 significant to Brookfield Renewable that the Company expects to apply in preparing its first financial statements under IFRS.

Business combinations

IFRS 1 allows for IFRS 3R to be applied either retrospectively or prospectively. Retrospective application would require that Brookfield Renewable restate all business combinations occurring before the date of its transition to IFRS. Brookfield Renewable will adopt IFRS 3R prospectively.

Fair value of revaluation as deemed cost

IFRS 1 allows an entity to initially measure an item of property, plant and equipment upon transition to IFRS at fair value or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS. The Company will use fair value as deemed cost for property, plant and equipment. The effect of this choice will result in carrying values under IFRS in excess of those under GAAP. This increase in carrying values is the result of the accounting depreciation taken under GAAP no longer attributed to the assets at transition, in addition to the value appreciation of such assets in aggregate since acquisition.

Cumulative translation differences

IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires a Company to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS. Brookfield Renewable expects to reset all cumulative translation differences to zero on transition to IFRS, with the exception of amounts relating to the foreign exchange reporting difference created upon conversion of our reporting currency from the Canadian dollar to the US dollar.

IFRS 1 allows for certain other optional exemptions. However, the Company does not expect such exemptions to be significant to the Company's adoption of IFRS.

Impact of IFRS on the March 31, 2009 Balance Sheet

The discussion below has been prepared on a basis consistent with the account balance presentation of our balance sheet under GAAP. The classification and components of account balances under IFRS are expected to be different than under GAAP. Additionally, as Brookfield Renewable continues to assess the impact of its transition to IFRS, additional differences may be identified which could impact the opening balance sheet.

Power Generating Assets

IFRS 1 allows an entity to initially measure an item of property, plant and equipment upon transition to IFRS at fair value or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS. Brookfield Renewable has chosen to measure the majority of property, plant and equipment of our power generation business at fair value as opposed to recreating depreciated cost under IFRS. At March 31, 2009, the fair value of the majority of the Company's power generation assets is expected to be significantly greater than their carrying value under GAAP. These valuations are performed by discounting the expected cash flows of each station over a 20 year term plus a terminal value.

As discussed below under *Investments*, some entities consolidated under GAAP will not be consolidated under IFRS. As a result, power generating assets reflected in the Company's consolidated balance sheet under GAAP will not be reflected under IFRS due to deconsolidation.

The future income tax liability will be significantly impacted by the fair value increase in the power generating assets.

Investments

Investments at March 31, 2009 under IFRS will increase as a result of entities that are consolidated or proportionately consolidated under GAAP that will be accounted for in accordance with the equity method under IFRS. Investments in Bear Swamp, Powell River, GACEL (Brazil), and Catalyst LP will no longer be consolidated.

Non-controlling Interests

Non-controlling interests at March 31, 2009 are expected to increase under IFRS as compared to the balance prepared in accordance with GAAP due to the recognition of non-controlling interest in the increased asset values offset by deconsolidation of certain entities.

Impact of Adoption of IFRS on the Income Statement

The following are the significant IFRS accounting policies required or expected to be applied by the Company using IFRS that will be significantly different than the Company's current accounting policies.

Use of Deemed Cost

Brookfield Renewable has chosen to initially measure the majority of its property, plant and equipment upon transition to IFRS at fair value as opposed to recreating depreciated cost under IFRS. In most cases, the resulting carrying value under IFRS will be higher than the carrying value under GAAP. As a result, the amount of depreciation recorded under IFRS related to such assets will be greater than the amount currently charged to income under GAAP.

Also, if continuous fair valuation of power generating assets is elected then revaluation surpluses would be recorded in equity, revaluation losses in excess of revaluation surpluses previously recorded would be expensed in the income statement, and depreciation expense would be adjusted at each revaluation date.

Investments

The deconsolidation of investments will reduce consolidated revenue and expenses and increase investment income (losses).

As Brookfield Renewable continues to assess the impact of its transition to IFRS, additional differences affecting income may be identified.

BUSINESS RISKS

For information about the Company's business risks, please refer to the MD&A filed with the 2008 Brookfield Renewable Power Inc. audited consolidated financial statements, as well as the annual information form filed by Brookfield Renewable Power Inc. at www.sedar.com under Brookfield Renewable Power Inc.

CERTIFICATION OF INTERIM FILINGS

In conjunction with these financial statements, we have filed the Venture Issuer Basic Certificate on SEDAR. This certificate, which replaces Form 52-109FV2, provides certification from the Chief Executive Officer and Chief Financial Officer that, after reviewing all interim filings of the Company, there are no material misstatements or omissions and that the filings present, in all material respects, the financial condition, results of operations and cash flows of the issuer, as of and for the quarter ended March 31, 2009.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements concerning our business and operations. Forward looking statements can be identified by the use of words, such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “pending”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate”, or “believes” or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve assumptions and known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results or performance expressed or implied by the forward statements. For further information on these known and unknown risks, please see “Business Risks” in the Company’s MD&A filed with the 2008 Brookfield Renewable Power Inc. audited consolidated financial statements filed at www.sedar.com.

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

These forward-looking statements represent our views as of the date of this MD&A. While we anticipate that subsequent events and developments may cause its views to change, we disclaim any obligation to update these forward-looking statements, other than as required by applicable law. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to May 1, 2009, the date of this MD&A.

/s/ Donald Tremblay

Donald Tremblay
Executive Vice President and Chief Financial Officer