

*This pricing supplement together with the prospectus supplement dated October 27, 2006 and the short form base shelf prospectus to which it relates dated September 28, 2006, as amended or supplemented, and each document deemed to be incorporated by reference in the short form base shelf prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*The medium term notes to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of a U.S. person (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.*

**Brookfield Power**



**BROOKFIELD POWER CORPORATION**

Pricing Supplement: 2  
Date: October 30, 2006

(to the short form base shelf prospectus of Brookfield Power Corporation (the "**Company**") dated September 28, 2006 as supplemented by the prospectus supplement of the Company dated October 27, 2006 (collectively, the "**Prospectus**")).

**\$150,000,000**

**5.84% MEDIUM TERM NOTES, SERIES 4 DUE 2036**

**Unconditionally guaranteed as to payment of principal, premium (if any) and interest by**

**BROOKFIELD POWER INC.**

Notwithstanding the information contained in the Prospectus, the 5.84% medium term notes, Series 4 due November 5, 2036 (the "**Series 4 Notes**") will be issued as a separate series of debt securities under an indenture, dated as of December 16, 2004 among the Company and BNY Trust Company of Canada (the "**Trustee**") and the Bank of New York, each as trustee, as supplemented and amended from time to time and as supplemented by a second supplemental indenture dated October 27, 2006 between the Company and the Trustee (collectively, the "**Indenture**").

The following is a summary of certain of the material attributes and characteristics of the Series 4 Notes offered hereby, which does not purport to be complete and is qualified in its entirety by reference to the Indenture. Reference is made to the Prospectus for a summary of the other material attributes and characteristics applicable to the Series 4 Notes and reference is made to the Indenture for the full text of such attributes and characteristics. In this Pricing Supplement, unless otherwise indicated, capitalized terms which are defined in the accompanying Prospectus are used herein with the meanings defined therein. Unless otherwise indicated, all references to "\$" or "dollars" refer to the lawful currency of Canada.

**Designation:** 5.84% medium term notes, Series 4 due November 5, 2036

**Issue Price:** \$999.71 (per \$1,000 principal amount)

**Interest:** The Series 4 Notes will bear interest at a fixed annual rate of 5.84%, payable in equal semi-annual installments on November 5 and May 5 in each year, commencing on May 5, 2007. The first coupon on May 5, 2007 will be \$29.84 per \$1,000 principal amount of Series 4 Notes. If an interest payment date is not a Business Day, then the payment will be made on the next Business Day with no adjustment.

Each Series 4 Note will bear interest from and including the later of (i) its date of issue and (ii) the interest payment date to which interest shall have been paid or made available for payment on the outstanding Series 4 Notes. Interest shall be payable on the Series 4 Notes semi-annually in arrears in equal installments and at maturity or upon earlier redemption or repayment. Each payment of interest in respect of an interest payment date will include interest accrued to but excluding such interest payment date. Interest shall be computed on the basis of a year that is 365 days or 366 days, as applicable.

**Issue and Delivery Date:** November 1, 2006

**Stated Maturity Date:** November 5, 2036

**CUSIP No.:** 112824AB3

**Redemption:** The Series 4 Notes will be subject to redemption at the option of the Company at any time in whole or from time to time in part in increments of \$1,000 (provided that any remaining principal amount thereof shall be at least \$1,000 or such minimum denomination), at the applicable Redemption Price (as defined below), on notice given not more than 60 nor less than 30 days prior to the date fixed for redemption and in accordance with the provisions of the Indenture.

“**Redemption Price**”, with respect to a Series 4 Note, means the greater of (i) the Canada Yield Price, and (ii) par, together in each case with the accrued and unpaid interest to but excluding the date fixed for redemption.

“**Canada Yield Price**” means a price equal to the price of the Series 4 Notes (or the portion thereof to be redeemed) calculated to provide a yield to maturity, equal to the sum of the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the third Business Day preceding the date fixed for redemption, plus the Applicable Spread.

“**Government of Canada Yield**” means, on any date, with respect to any Series 4 Notes, the yield to maturity on such date, compounded semi-annually, which an assumed new issue of non-callable Government of Canada bonds denominated in Canada dollars would carry if issued in Canada at 100% of its principal amount on such date, with a term to maturity as nearly as possible equal to the remaining term to maturity of such Series 4 Notes. The Government of Canada Yield will be the average (rounded to four decimal points) of the bid-side yields provided by two of the Investment Dealers in accordance with the terms of the Indenture.

“**Applicable Spread**” means 41 basis points.

**Purchase for Cancellation:**

The Company may purchase Series 4 Notes in the open market or by tender or private contract at any price at any time if there does not exist an Event of Default at such time. Series 4 Notes purchased or redeemed by the Company will be cancelled and may not be reissued.

**Credit Ratings:**

The Series 4 Notes have been given a rating of BBB(high) with a Stable trend by Dominion Bond Rating Service Limited (“**DBRS**”), a rating of BBB with a Stable outlook by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Corporation, Inc. (“**S&P**”) and a rating of BBB with a Stable outlook by Fitch Ratings Ltd. (“**Fitch**”).

The “BBB” rating category is the fourth highest used by DBRS, denotes “adequate credit quality” and is one of the ten rating categories used by DBRS for long-term debt obligations. In addition, “(low)” and “(high)” designations indicate relative strength within the respective rating categories. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

The “BBB” rating category is the fourth highest used by S&P, denotes “adequate protection parameters” and is one of the ten rating categories used by S&P for long-term debt obligations. In addition, the plus and minus designations indicate relative strength within the respective rating categories. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

The “BBB” rating category is the fourth highest used by Fitch, denotes “good credit quality” and is one of the 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.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Series 4 Notes may not reflect the potential impact of all risks on the value of the Series 4 Notes. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

**Participating Agents:**

Scotia Capital Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., BMO Capital Markets Inc. and HSBC Securities (Canada) Inc.

	<u>Price to the Public</u>	<u>Agents’ Commission</u>	<u>Net Proceeds to the Company<sup>(1)</sup></u>
Per \$1,000 principal amount .....	\$999.71	\$5.00	\$994.71
Total .....	\$149,956,500	\$750,000	\$149,206,500

<sup>(1)</sup> Before deduction of expenses of the offering payable by the Company estimated to be \$120,000.

Subscriptions for Series 4 Notes will be received by the Agents subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing date will be on or about November 1, 2006 or such later date as the Company and the Agents may agree.

### CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Agents, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder of the Series 4 Notes (a “**Holder**”) who acquires Series 4 Notes pursuant to this Pricing Supplement and who, at all relevant times, for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), is resident in Canada, holds the Series 4 Notes as capital property and deals with the Company at arm’s length and is not affiliated with the Company. Generally, the Series 4 Notes will be considered capital property to a Holder provided that the Holder does not hold the Series 4 Notes in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada whose Series 4 Notes might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making an irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules) or a Holder an interest in which is a “tax shelter investment” (all as defined in the Tax Act). Such Holders should consult their own tax advisors having regard to their particular circumstances.

This summary is based upon the facts set out in the Prospectus and this Pricing Supplement, the current provisions of the Tax Act and the regulations thereunder in force at the date of this Pricing Supplement, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current administrative policies or assessment practices published in writing by the Canada Revenue Agency (the “**CRA**”). There can be no assurance that the proposed amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessment practices of the CRA, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series 4 Notes, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.

#### **Interest**

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a Series 4 Note that accrues or is deemed to accrue to the Holder to the end of that taxation year or becomes receivable or is received by the Holder

before the end of that taxation year, except to the extent that such interest was otherwise included in the Holder's income for a preceding taxation year.

Any other Holder, including an individual and trusts of which neither a corporation or a partnership is a beneficiary, will be required to include in income for a taxation year any interest on a Series 4 Note received or receivable by such Holder in that year (depending upon the method regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder's income for a preceding taxation year.

Any premium paid by the Company to a Holder because of the redemption by it of a Series 4 Note before maturity thereof will generally be deemed to be interest received at that time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that would have been paid or payable by the Company on the Series 4 Note for a taxation year ending after the redemption.

### **Disposition**

On a disposition or deemed disposition of a Series 4 Note, whether on redemption, purchase for cancellation or otherwise, a Holder will generally be required to include in income the amount of interest accrued or deemed to accrue on the Series 4 Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year. In general, a disposition or deemed disposition of a Series 4 Note will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and any other amount included in computing income and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Series 4 Note to the Holder immediately before the disposition.

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year generally must be included in the Holder's income for that year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year may generally be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

A Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including amounts of interest and taxable capital gains.

### **DOCUMENTS INCORPORATED BY REFERENCE**

This Pricing Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purpose of the Notes issued hereunder. Other documents are also incorporated, or are deemed to be incorporated, by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof.

The following documents, filed with the securities regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference in, and form an integral part of, the Prospectus:

- (a) the Company's prospectus supplement to the Prospectus dated October 27, 2006;
- (b) the Company's renewal annual information form dated July 21, 2006;
- (c) the Company's audited comparative financial statements and the notes thereto for the financial periods ended December 31, 2005 and 2004, together with the report of the auditors thereon;
- (d) the management's discussion and analysis for the audited comparative financial statements referred to in paragraph (c) above;

- (e) the Company's unaudited comparative interim financial statements and the notes thereto for the six months ended June 30, 2006 and 2005;
- (f) the management's discussion and analysis for the unaudited comparative interim financial statements referred to in paragraph (e) above;
- (g) the Guarantor's audited comparative consolidated financial statements and the notes thereto for the financial years ended December 31, 2005 and 2004, together with the report of the auditors thereon;
- (h) the management's discussion and analysis for the audited comparative consolidated financial statements referred to in paragraph (g) above;
- (i) the Guarantor's unaudited comparative interim consolidated financial statements and the notes thereto for the six months ended June 30, 2006 and 2005; and
- (j) the management's discussion and analysis for the unaudited comparative interim consolidated financial statements referred to in paragraph (i) above.

## AUDITORS' CONSENT

We have read the short form base shelf prospectus of Brookfield Power Corporation ("BPC") dated September 28, 2006 as supplemented by the prospectus supplement dated October 27, 2006 and the pricing supplement #2 dated October 30, 2006 relating to the issue and sale of \$150,000,000 of medium term notes of BPC which will be unconditionally guaranteed as to payment of principal, premium (if any) and interest by Brookfield Power Inc. ("BPI"). We have complied with Canadian generally accepted standards for auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholder of BPC on the balance sheets of BPC as at December 31, 2005 and 2004 and the statements of deficit, operations and cash flows for the year ended December 31, 2005 and for the period from December 16, 2004 to December 31, 2004. Our report is dated February 9, 2006.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of BPI on the consolidated balance sheets of BPI as at December 31, 2005 and 2004 and the consolidated statements income, (deficit) retained earnings, and cash flows for each of the years in the two year period ended December 31, 2005. Our report is dated March 3, 2006.

Toronto, Ontario  
October 30, 2006

(Signed) DELOITTE & TOUCHE LLP  
Chartered Accountants