BROOKFIELD RENEWABLE POWER INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008

Attached is management's discussion and analysis 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

MAY 12, 2008

INTRODUCTION

The information provided in this management discussion and analysis ("MD&A") is intended to provide readers with an overview of the Company's overall business strategy, its competitive advantages and its performance for the quarters ended March 31, 2008 and 2007, as well as providing a framework for understanding its long-term growth trends and ability to deliver strong and stable cash flows.

On March 31, 2008, the Company changed its name to Brookfield Renewable Power Inc. following an amalgamation, which is described in more detail on page 6 of this MD&A.

The MD&A should be read in conjunction with our March 31, 2008 unaudited consolidated financial statements and our December 31, 2007 audited consolidated financial statements. Additional information can also be found on our website at www.brookfieldpower.com and on the SEDAR website at www.sedar.com, filed under the name of "Brookfield Renewable Power Inc."

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. We define operating cash flow as revenues from power operations, net of operating and maintenance costs, fuel purchases for the cogeneration 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 "Analysis of Financial Performance" section of this report.

Unless otherwise indicated, the terms "the Company", "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 dollars, unless otherwise noted.

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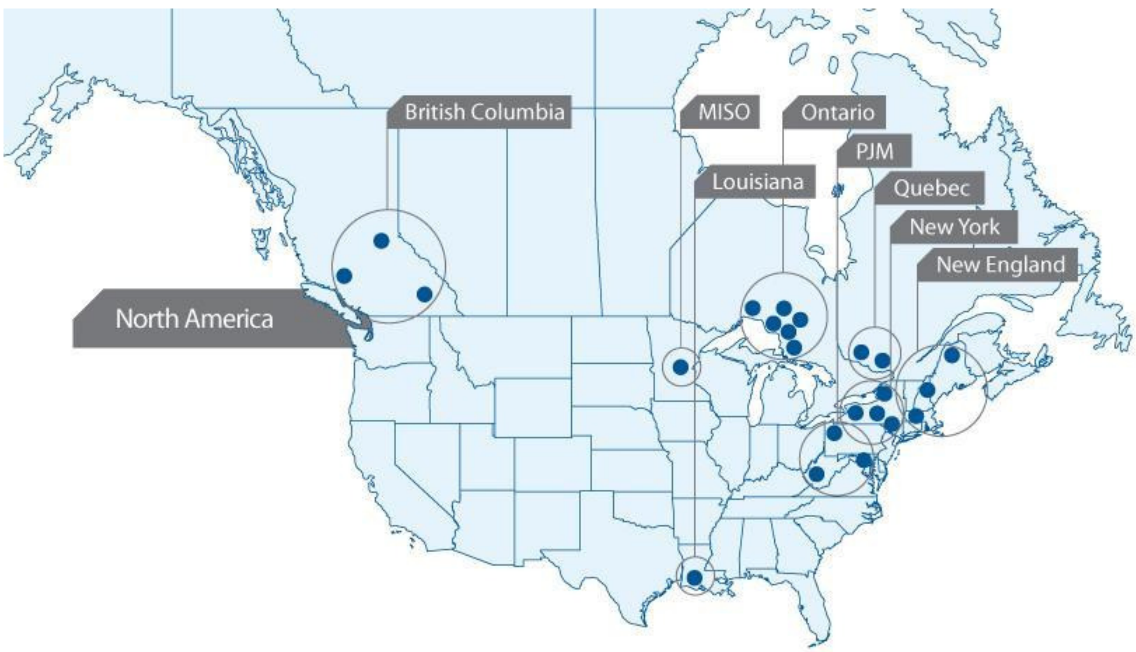
OVERVIEW OF THE BUSINESS

The Company has been in the power generation business for over 100 years. We are an experienced owner, manager and developer of renewable power generation facilities that produce and sell electricity generated primarily from water and wind resources. We aim to provide our shareholders with long-term sustainable cash flows and create value over time through disciplined growth and by maximizing the productivity of our operations.

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 has approximately $95 billion of assets under management and 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 on the Toronto Stock Exchange (symbol: GLH.UN) that we manage and in which we own a 50.1% interest.



The Company currently operates 3,406 MW of renewable generation comprised of 3,217 MW of hydroelectric generation and 189 MW of wind generation. It also owns two thermal cogeneration facilities with a total capacity of 215 MW and an electricity distribution system in Northern Ontario.

Power Marketing

We optimize the value of our generating assets through a power marketing strategy that uses a combination of long-term contracts, forward sales and spot sales in the wholesale power markets in order to capture rising prices over time and maximize the current revenue potential of our asset base.

Approximately 55% of our annual generation is sold under long-term power purchase agreements with an average term of 11 years remaining with counterparties that have long-standing favourable credit histories or investment grade ratings. Our long-term contracts generally do not provide for fixed volume commitments, therefore we have limited risk of having to purchase power from the market to supply our customers when we are experiencing low water conditions.

All power produced and not otherwise sold under a contract is sold in the wholesale electricity markets. To reduce our exposure to volatile spot pricing in the wholesale electricity market, we enter into short-term financial contracts that represent approximately 25% of our annual generation. The contracts cover a period generally not exceeding 30 months.

In order to minimize the potential adverse financial impact of low water flows, the remaining 20% of our annual output is sold into the wholesale power markets only when water inflows have been confirmed.

The low variable cost of hydroelectric power, relative to other forms of generators, enables us to sell power at a favourable margin under almost all normal market conditions.

Given the nature of the transactions executed by the power marketing group, we are subject to complex accounting rules governing derivatives and hedging instruments. The accounting treatment associated with some of these transactions may result in the accounting recognition of gains and losses in periods different than the actual related economic exposures. This can result in volatility in reported net income.

Growth via Acquisition and Development

We are committed to expanding our renewable power generation base by strategically acquiring and developing hydroelectric and wind facilities. Our acquisitions in the past few years have allowed us to expand our operations into several new geographic regions, allowing the Company to diversify its watershed. Although acquisitions will continue to be part of our growth strategy, development of greenfield opportunities will also constitute an important element going forward. As a result, we have established a highly qualified team which will allow us to pursue our development activities.

We have a portfolio of nearly 6,000 MW of greenfield opportunities at various stages of development in North America in conventional hydro, pumped storage and wind that positions us for future growth. We will continue to identify new opportunities to optimize the performance of our portfolio and continue and expand our growth strategy in 2008 and beyond.

Hydroelectric Generation – Conventional

Our portfolio of low-cost conventional hydroelectric power generating facilities is composed of 131 hydroelectric power generating stations with a combined generating capacity of over 2,600 megawatts ("MW") that are capable of producing in excess of 11,100 gigawatt hours ("GWh") annually. Our hydroelectric facilities are located on more than 40 river systems in a number of geographic regions, specifically Ontario, Quebec, British Columbia, New York, Pennsylvania, New Jersey, Maryland, West Virginia, Minnesota, New England and Louisiana. This geographic distribution provides diversification of water flows to minimize the overall impact of fluctuating hydrology. Our storage reservoirs contain sufficient water to produce approximately 20% of our total annual generation and provide partial protection against short-term changes in water supply. The reservoirs also enable us to optimize revenues by generating and selling power during higher priced peak periods.

Markets	River Systems	Generating Stations	Installed Capacity (MW)	LTA (GWh)	Storage Capability (GWh)
Canada					
Quebec	3	6	282	1,696	584
Ontario	10	21	897	2,624	519
British Columbia	5	5	135	739	158
Total Canadian Operations	18	32	1,314	5,059	1,261
US					
New England	5	19	241	1,435	506
New York	15	75	702	3,025	541
Other	5	5	360	1,636	-
Total US Operations	25	99	1,303	6,096	1,047
Total	**43**	**131**	**2,617**	**11,155**	**2,308**

We also manage all Brazilian power operations owned by Brookfield, which consist of 27 hydroelectric facilities with an installed capacity of 314 MW capable of producing in excess of 1,650 GWh of power annually. These assets are not included in our consolidated financial statements and therefore information regarding those operations is not part of this MD&A.

Hydroelectric Generation – Pumped Storage

We own a 50% interest in a 600 MW pumped storage facility located in Massachusetts. The facility delivers its power, capacity and ancillary services into the New England administered market. Furthermore, a portion of the power and capacity produced from this facility is sold to the Long Island Power Authority ("LIPA") under a long-term contract expiring in 2021.

Market	Generating Stations	Generating Units	Installed Capacity (MW)	Storage Capability (GWh)
New England	**1**	**2**	**600**	**1,095**

Wind

We operate Canada's largest wind farm with an installed capacity of 189 MW comprised of 126 turbines. All power produced by the wind farm is sold to the Ontario Power Authority ("OPA") under two power purchase agreements expiring in 2026 and 2028.

Market	Generating Units	Installed Capacity (MW)	LTA (GWh)
Ontario	**126**	**189**	**534**

Other

We own two natural gas-fired combined cycle facilities, one located in Ontario and one in New York. The Ontario facility sells its power to the Ontario Electricity Financial Corporation under a contract which expires in 2014 and has gas procurement contracts extending to the end of 2008. The facility in New York has no long-term contract and is predominantly used to meet power needs at times of peak demand.

Markets	Generating Stations	Generating Units	Installed Capacity (MW)
New York	1	3	105
Ontario	1	3	110
Total Other Operations	**2**	**6**	**215**

Distribution
We own a regulated distribution business in Ontario, consisting of 11 distribution stations servicing approximately 11,500 customers. During the first quarter of 2008, we disposed of our regulated transmission business. This transaction is discussed in our first quarter financial statements as well as on page 6 of this MD&A.

2008 PORTFOLIO ACTIVITIES

ACQUISITIONS AND DISPOSITIONS

On March 12, 2008, we finalized the sale of our transmission operations located in Northern Ontario to a newly-formed publicly traded partnership created by Brookfield, Brookfield Infrastructure Partners LP, for cash consideration of approximately CDN$88 million, plus the assumption of CDN$120 million in debt and additional consideration for working capital. We continue to own and operate the related distribution business.

On March 31, 2008, we completed the previously announced acquisition of a hydroelectric generating facility in Minnesota. This 18 MW run-of-the-river merchant facility, which is currently uncontracted, is located on the Mississippi River and has the capacity to generate approximately 104 GWh of energy per year.

On April 28, 2008, we completed the acquisition of 99% of the common shares and 100% of the Series C preferred shares of Itiquira Energética S.A. (“Itiquira”), which owns a 156 MW hydroelectric facility located in Mato Grosso State in Brazil, for $288 million. All power produced by the facility is sold under a long-term power purchase agreement. Contrary to other operations in Brazil, the Itiquira facility will be owned directly by us.

AMALGAMATION

On March 31, 2008, Brookfield Power Inc. (“BPI”) and its former wholly owned subsidiary Brookfield Power Corporation (“BPC”) amalgamated and changed its name to Brookfield Renewable Power Inc. As part of the amalgamation, we replaced the $1,109 million in capital securities and other intercompany balances that were owed to Brookfield with new promissory notes and preferred shares.

FINANCING AND TREASURY

On January 24, 2008, Brookfield invested an additional $200 million in the equity of the Company to increase its capital base in-line with the growth of the Company’s operations.

In early February, we entered into two agreements in order to swap the variable interest rate payments on $95 million of property specific debt issued in May 2007 as well as the $95 million floating rate portion of the property specific debt issued in December 2007. The all-in interest rates on these debts will be fixed at 3.5% and 4.7% for the next 3 and 5 years, respectively. Following these agreements, we now have $125 million of property specific debt with a variable interest rate, thus minimizing our exposure to interest rate fluctuations.

PERFORMANCE REVIEW – Q1-2008

SUMMARY

Our operating cash flow increased by $55 million from $182 million in the first quarter of 2007 to $237 million in the first quarter of 2008 as a result of higher than average water inflows into our river systems, as well as periods of cold winter weather, particularly in the northeastern United States, which resulted in higher prices. In addition to the positive impact of rising prices and strong generation volumes, we also benefited from our optimization efforts, particularly in moving power from low price markets to higher price markets, and the continued appreciation of the Canadian dollar relative to the first quarter of 2007.

Net income increased by $28 million to $47 million in the first quarter of 2008 due to strong operating cash flows, offset in part by higher unrealized derivative losses and interest and financing fees. We do not use net income as a key metric to value 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 provide a full discussion of our net income and a reconciliation of operating cash flows to net income on page 9.

SEGMENTED OPERATING RESULTS

The following table presents our operating cash flow for the first quarter of 2008 and 2007 on a segmented basis.

	Capacity		Invested Capital [1]		Operating cash flow	
	As at		As at		Three months ended	
(MW and $US Millions)	**Mar 31 2008**	Dec 31 2007	**Mar 31 2008**	Dec 31 2007	**Mar 31 2008**	Mar 31 2007
Conventional hydroelectric generation						
Canada	**1,314**	1,308	**$ 1,510**	$ 1,565	**$ 73**	$ 54
United States	**1,303**	1,284	**1,937**	1,902	**130**	103
Pumped storage						
United States	**600**	600	**100**	97	**8**	2
Total hydroelectric generation	**3,217**	3,192	**3,547**	3,564	**211**	159
Wind generation	**189**	189	**354**	369	**9**	7
Other power assets	**215**	215	**156**	328	**17**	16
Development projects	**-**	-	**80**	51	**-**	-
Total power operations	**3,621**	3,596	**4,137**	4,312	**237**	182
Other assets	**-**	-	**2,388**	2,579	**-**	-
Total	**3,621**	3,596	**$ 6,525**	$ 6,891	**$ 237**	$ 182

[1] Invested capital for the various operating segments includes power generating assets and other long-term assets, namely power purchase agreements, FERC licenses, and other depreciable assets.

Generation from existing hydroelectric facilities owned throughout 2007 was up 273 GWh on a quarter over quarter basis, and was 512 GWh above long-term average ("LTA") levels. Strong generation results were recorded in regions where we have the largest concentration of assets which are Ontario, Quebec, New England and New York. Generation levels for our wind farm were slightly below LTA levels.

Quarters ended March 31 (GWh)	Long-term Average **(LTA)**	Actual Production **2008**	2007	Variance to **LTA**	2007
Existing conventional hydroelectric capacity	**2,827**	**3,339**	3,066	**512**	273
Acquisitions – during 2007	**27**	**23**	4	**(4)**	19
Existing pumped storage [1]	**96**	**90**	89	**(6)**	1
Total hydroelectric operations	**2,950**	**3,452**	3,159	**502**	293
Existing wind generation	**139**	**118**	138	**(21)**	(20)
Other power generation	**216**	**222**	220	**6**	2
Total generation	**3,305**	**3,792**	3,517	**487**	275

[1] Generation for 2007 related to the pumped storage facility is included at 50% until March 23, 2007 and at 100% thereafter.

CONVENTIONAL HYDROELECTRIC GENERATION

Quarters ended March 31 (GWh and $US Millions)	2008 Actual Production	2008 Revenues	2008 Operating Costs	2008 Operating cash flow	2007 Actual Production	2007 Revenues	2007 Operating Costs	2007 Operating cash flow
Canada	**1,396**	**$ 94**	**$ 21**	**$ 73**	1,205	$ 73	$ 19	$ 54
United States	**1,966**	**166**	**36**	**130**	1,865	135	32	103
Total	**3,362**	**$ 260**	**$ 57**	**$ 203**	3,070	$ 208	$ 51	$ 157
Per MWh		**$ 77**	**$ 17**	**$ 60**		$ 68	$ 17	$ 51

During the first quarter of 2008, operating cash flows from our conventional hydroelectric business increased by $46 million or 29% on a quarter over quarter basis to $203 million. The main drivers of these strong financial results were the higher than long-term average water flow levels leading to strong generation combined with higher realized prices driven both by cold weather patterns and our optimization efforts.

Our conventional hydroelectric portfolio generated 3,362 GWh, which is 10% above the generation achieved in 2007 and 18% above LTA. Strong hydrological conditions early in the quarter positively impacted our generation in New York, New England, Quebec and Ontario. In total, the generation increase on a quarter over quarter basis (based on the Q1-2008 realized price of $77 per MWh) increased revenues by $21 million.

We were able to achieve a 13% increase in realized prices on a per MWh basis across our entire production (including both contracted and un-contracted generation), due largely to higher prices on the forward sales contracts that we had, our optimization efforts and the continued strengthening of the Canadian dollar against its US counterpart. Costs per unit of production, on a quarter over quarter basis, were consistent from period to period.

PUMPED STORAGE HYDROELECTRIC GENERATION

Quarters ended March 31 (GWh and $US Millions)	2008 Actual Production	2008 Revenues	2008 Operating Costs	2008 Operating cash flow	2007 [(1)] Actual Production	2007 [(1)] Revenues	2007 [(1)] Operating Costs	2007 [(1)] Operating cash flow
United States	**90**	**$ 18**	**10**	**$ 8**	89	$ 10	8	$ 2

[(1)] Amounts shown represent 50% of operations until March 23, 2007 and 100% thereafter.

Beginning March 23, 2007 we began consolidating our pumped storage operations at 100% as opposed to the 50% proportional consolidation previously used, which was the principal cause of the increase in quarterly revenues. In addition, higher capacity prices for our pumped storage facility added $1 million to our operating cash flow.

WIND GENERATION

Quarters ended March 31 (GWh and $US Millions)	2008 Actual Production	2008 Revenues	2008 Operating Costs	2008 Operating cash flow	2007 Actual Production	2007 Revenues	2007 Operating Costs	2007 Operating cash flow
Wind power	**118**	**$ 11**	**$ 2**	**$ 9**	138	$ 10	$ 3	$ 7

Our wind facility operated at approximately 85% of its expected LTA during the first quarter, down from 2007. This decrease in generation was more than offset by the stronger Canadian dollar and the contribution from a federal government program to encourage the development of renewable energy (ecoENERGY), which provides us with $10 for every MWh generated by our wind farm until 2017. This agreement came into effect on March 31, 2007.

OTHER POWER GENERATION

Quarters ended March 31 (GWh and $US Millions)	**2008** Actual Production	Revenues	Operating Costs	Operating cash flow	2007 Actual Production	Revenues	Operating Costs	Operating cash flow
Cogeneration [1]	**222**	**21**	**13**	**8**	220	19	11	8

[1] Includes gas resale power equivalent.

Our thermal cogeneration facilities include a 110MW facility located in Ontario and a 105MW facility located in New York. The facility in Ontario benefited in 2008 from the strengthening of the Canadian dollar, the impact of which was partly offset by lower gas resale revenues. The New York facility, which is generally dispatched only as a peaking plant at times of very high demand, benefited from increased capacity payments in the New York market. The costs increased at both plants on a quarter over quarter basis primarily due to increased fuel and transportation costs, as well as the impact of foreign exchange on costs at the Ontario facility.

TRANSMISSION AND DISTRIBUTION

Transmission and distribution revenues of $11 million were $1 million higher than last year, mostly as a result of increased regulated rates, as well as the impact of the stronger Canadian dollar. In March 2008, we sold our Transmission business, as described on page 6. We do not expect this disposition to materially impact our future results given that the operating cash flows from the Transmission business in 2007 were $26 million, which was less than 5% of our consolidated operating cash flows.

NET INCOME

The following table reconciles our operating cash flows to our net income. It is followed by a discussion on those reconciling items.

$US Millions	**2008**	2007
Operating cash flow	**$ 237**	$ 182
Interest and financing fees	**(78)**	(66)
Unrealized derivative loss	**(47)**	(18)
Depreciation and amortization	**(41)**	(36)
Non-controlling interests	**(14)**	(9)
Recovery of (provision for) income taxes	**19**	(9)
Investment income and other	**2**	6
Net income before interest on capital securities	**78**	50
Interest on capital securities	**(31)**	(31)
Net income	**$ 47**	$ 19

INTEREST AND FINANCING FEES

Interest and financing fee expense for the first quarter was $12 million above the same period last year. This increase is driven by $8 million in interest on additional property specific debt obtained in May and December of 2007 and the appreciation of the Canadian dollar.

UNREALIZED DERIVATIVE LOSSES AND GAINS

During the first quarter of 2008, we recorded a net unrealized loss of $47 million in the income statement as a result of changes in the value of our commodity derivatives, compared to a net unrealized loss on commodity derivatives of $18 million for the same period of 2007.

Most of our financial contracts are commodity derivatives that qualify for hedge accounting, with the changes in their fair value flowing through other comprehensive income. However, a small number of our commodity derivatives do not qualify as cash flow hedges, and any changes in fair value are therefore recorded through net income. These non-qualifying contracts represent, in our view, effective economic hedges of future generation.

Included in our commodity derivatives are a 15-year contract with LIPA and a long-term contract to supply power to an industrial user owned by Brookfield, the purpose of which is to provide stable cash flows and high rates of return on generating assets. Ascribing a fair value to these two contracts involves the forecasting of energy prices, and other inputs, over a significant period of time. As new external market data becomes available, it is applied to the valuation, and extrapolated out over the volume and duration of these contracts. Accordingly, the fair value of these contracts is subject to significant estimation and could increase or decrease significantly. Consequently, these two contracts may create volatility when reported in the financial statements. Economically, the accounting gains or losses stemming from these contracts are generally offset by an increase in the revenue generating potential of the assets to which these contracts relate.

For the period, our $47 million unrealized derivative loss includes a $20 million loss related to the LIPA contract (2007 - $2 million), an $11 million loss related to the long-term power purchase agreement with an industrial company owned by Brookfield (2007 - $10 million), an unrealized loss of $15 million on commodity derivatives that do not qualify for hedge accounting (2007 - $5 million) and a loss of $1 million related to hedge ineffectiveness on derivatives that qualify for hedge accounting (2007 - $1 million).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense of $41 million for the quarter was $5 million higher than the amount recorded in the first quarter of 2007 due in large part to the impact of the continued strengthening of the Canadian dollar on depreciation associated with Canadian assets. The 100% consolidation of our pumped storage facility for a full quarter in 2008 and depreciation associated with acquisitions completed in 2007 were also factors in the increase.

NON-CONTROLLING INTERESTS

Non-controlling interests relate to income associated with the non-controlling interests in our consolidated entities. The increase of $5 million, when comparing the first quarter of 2008 to the same period in 2007, is primarily due to strong first quarter results in the Fund as a result of higher hydrology, as well as the non-controlling interest related to the pumped storage facility, which was only consolidated at 100% in the first quarter of 2007 for 9 days.

PROVISION FOR INCOME TAXES

The recovery of income taxes of $19 million in 2008 is net of $3 million in current income taxes. The recovery is mostly related to a change in the Company's foreign exchange position following the amalgamation and the associated changes made to related party balances.

SUMMARY OF HISTORICAL QUARTERLY RESULTS

Variations in quarterly results 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)	2008	2007				2006		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2
Power generated (GWh)	**3,792**	**2,651**	**2,195**	**3,173**	**3,517**	3,063	2,516	3,131
Revenues	**321**	**225**	**179**	**243**	**257**	208	175	220
Operating cash flow	**237**	**135**	**96**	**161**	**182**	131	117	152
Net income (loss)	**47**	**(17)**	**(27)**	**6**	**19**	14	-	35

FINANCIAL POSITION

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 provides a strong credit profile. We continue to have a strong balance sheet and ample liquidity. As at March 31, 2008, we maintained current cash and cash equivalents of $78 million in addition to the undrawn credit facilities, liquidity from our short-term investment portfolio and funds on deposit with Brookfield. Given our historical profitability and our ability to manage expenses, we believe that our current resources are adequate to meet our requirements for working capital and capital expenditures through the foreseeable future.

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 allows us to finance with non-recourse debt and minimal near-term maturities, minimizing risks associated with liquidity and refinancing.

The property specific borrowings are generally secured by the assets of the related property and, as such, limit our exposure in the unlikely case of default. We provide covenants to certain of our lenders, as do most borrowers. As at March 31, 2008, we were in compliance with all property specific debt related covenants.

The authorized capital of Brookfield Renewable Power consists of an unlimited number of common shares. As at March 31, 2008 and the date of this MD&A there were 108,339,336 shares of the Company issued and outstanding (December 31, 2007 – 101,512,218).

In addition, we are authorized to issue an unlimited number of preferred shares of which 57,077,112 were issued and outstanding both as at March 31, 2008 and the date of this MD&A (December 31, 2007 – nil), following the amalgamation transaction discussed on page 6.

BALANCE SHEET

$US Millions	**March 31 2008**	December 31 2007	Change
Total assets	**$ 6,525**	$ 6,891	$ (366)
Total liabilities [1]	**(5,243)**	(5,439)	196
Capital securities	**-**	(1,109)	1,109
Shareholders' equity [2]	**(1,282)**	(343)	(939)

[1] Excludes debt portion of capital securities
[2] Excludes equity portion of capital securities

Total assets decreased by $366 million from December 31, 2007, due primarily to the disposition of the Transmission operations and the impact of foreign exchange on our Canadian denominated assets. Depreciation of our power generating assets and lower amounts due from related parties also contributed to the decrease. Partly offsetting these items are increases in trade receivables, which is the result of higher quarterly generation, and cash held in escrow.

The decrease in our liabilities was due largely to the transfer of debt as part of the Transmission disposal, as well as a reduction in future income tax liability and the decrease in value of our Canadian denominated liabilities.

As part of the amalgamation described on page 6, the capital securities owed to Brookfield were replaced with a combination of promissory notes payable and preferred shares.

The increase in shareholders' equity since year-end is mostly attributable to the preferred shares issued as part of the amalgamation as well as the issuance of additional common shares in January 2008. These items were partly offset by adjustments to retained earnings and contributed surplus, which were the result of a combination of the amalgamation and the disposal of our Transmission business.

CASH FLOWS

$US Millions	**2008**	2007	Change
Cash flow from operating activities	**$ 140**	$ 100	$ 40
Cash flow provided by (used in) financing activities	**165**	(8)	173
Cash flow used in investing activities	**(289)**	(79)	(210)
Impact of foreign exchange on cash	**1**	1	-
Net cash inflow	**$ 17**	$ 14	$ 3

Operating Activities – During the first quarter of 2008 we generated $140 million from operating activities, an increase of $40 million over the same period in 2007. This increase is largely the result of the $55 million increase in operating cash flow during the quarter, which was partly offset by the previously discussed $12 million increase in interest expense.

Financing Activities – Cash flows from financing activities consist primarily of the issuance of $200 million of common shares to Brookfield. During the quarter, we also made distributions to non-controlling interests of $12 million and distributions to our shareholder and holder of capital securities of $14 million.

Investing Activities – Cash flows from investing activities consist mostly of amounts deposited with Brookfield of $269 million. Cash spent on acquisitions of power generating assets in the first quarter of 2008 totalled $48 million in 2008 compared to $16 million in the same period in 2007. The disposition of the Transmission business to an affiliate for cash consideration of $92 million reduced cash from investing activities during the first quarter of 2008. We also spent $11 million more in the first quarter of 2008 on capital asset additions.

CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual obligations as of March 31, 2008:

$US Millions	2008 (3)	2009	2010	2011	2012	Thereafter	Total
Long-term debt							
Property specific borrowings	$ 26	$ 106	$ 122	$ 41	$ 577	$ 1,724	$ 2,596
Finance debt obligation	19	29	38	42	47	621	796
Corporate and other debt	-	439	-	-	-	396	835
Promissory notes	-	-	-	-	-	1,469	1,469
Capital projects (1)	20	-	-	-	-	-	20
	65	574	160	83	624	4,210	5,716
Interest Expense (2)							
Property specific borrowings	133	147	144	141	134	1,069	1,768
Finance debt obligation	82	80	77	73	69	614	995
Corporate and other debt	41	42	22	22	22	291	440
	256	269	243	236	225	1,974	3,203
Total	**$ 321**	**$ 843**	**$ 403**	**$ 319**	**$ 849**	**$ 6,184**	**$ 8,919**

(1) In the normal course of operations, the Company has committed as at March 31, 2008 to spend approximately $20 million on capital projects in the next year.
(2) Represents aggregate interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on current rates.
(3) Remaining year up to December 31, 2008.

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 28 of the 2007 annual audited consolidated financial statements. There have been no material changes for the period ended March 31, 2008 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, excluding the disposal of our Transmission business and the changes resulting from the amalgamation, as previously discussed:

	Three months ended March 31	
$US Millions	**2008**	2007
Revenues		
Sale of power	**$ 8**	$ 7
Investment and other income		
Interest earned on demand deposits, promissory notes, and securities with affiliated companies	**$ 3**	$ 4
Expenses		
Interest expense on capital securities	**$ 31**	$ 31
Interest expense on note payable and letters of credit	**$ 5**	$ 3
Insurance services from Riskcorp Inc.	**$ 4**	$ 4

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles, 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) of the 2007 annual audited consolidated financial statements are considered critical accounting estimates as defined in regulation 51-102, with the exception of the estimates related to 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. Key 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.

CHANGES IN SIGNIFICANT ACCOUNTING STANDARDS

On January 1, 2008, we adopted Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation for Canadian generally accepted accounting principal purposes. Section 1535 requires disclosures of our objectives, policies and processes for managing capital, the quantitative data about what we regard as capital, whether we have complied with any capital requirements and, if not, the consequences of such non-compliance. Sections 3862 and 3863 replace Section 3861 and place an increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how we manage those risks.

The new standards have resulted in increased disclosure in our consolidated interim financial statements but have had no impact on the accounting policies or accounting treatments disclosed in notes 2 and 3 of our 2007 annual audited consolidated financial statements.

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. This new standard will be effective for us on January 1, 2009 and we are currently evaluating the impact of this section on our financial statements.

OUTLOOK

We continue to have a positive outlook about the future prospects for our business in the long-term. While energy prices have stabilized in many of our markets in recent years, the combination of increasing demand and the need for grid operators to integrate non-renewable power sources allows us to capture new and growing revenue streams from capacity and other ancillary services, such as forward reserves or voltage support, in turn generating additional revenues. We also believe that over time, the “green” attributes of our renewable portfolio will become increasingly valuable as large load serving entities and governments address issues arising from maintaining power supplies in a carbon-constrained world.

In the near term, we have seen a return to normal and, in some cases, above average hydrology conditions across our portfolio in the first months of 2008. While we cannot predict hydrology on a short-term basis, we are encouraged by the increases in precipitation after the dry run through the late summer and fall of 2007. From a pricing perspective, the table below indicates that for the remainder of 2008, approximately 77% of our long-term average volume has been sold forward at a weighted average price of $71 per MWh either through long-term contracts or with shorter term financial contracts. We will continue to seek opportunities to stabilize cash flows by extending the average size and duration of our annual output sold under long-term contracts.

For the portion of our generation that is uncontracted, we will continue to use the flexibility of our reservoirs and our low cost position to maximize revenues.

The following table sets forth our contract profile over the next five years, assuming long-term average generation:

Years ended December 31	2008 [1]	2009	2010	2011	2012
Generation (GWh)					
Contracted:					
Hydroelectric generation	3,580	4,125	4,094	3,598	2,838
Wind generation	402	536	536	536	536
Other	653	407	406	412	404
Power sales agreements	**4,635**	**5,068**	**5,036**	**4,546**	**3,778**
Financial contracts	2,344	3,959	287	-	-
Uncontracted	2,028	2,781	6,467	7,250	8,010
	9,007	**11,808**	**11,790**	**11,796**	**11,788**
Contracted generation % of total	77	76	45	39	32
Revenue ($US millions)	$ 496	$ 663	$ 408	$ 371	$ 342
Price ($/MWh)	$ 71	$ 73	$ 77	$ 82	$ 91

(1) Amounts for 2008 represent the nine month period from April 1 to December 31.

We currently manage all Brazilian hydroelectric operations currently owned by Brookfield. Following the completion of the Itiquira acquisition discussed on page 6, we anticipate that, at some point during 2008 and pending all necessary regulatory and other approvals, we will acquire all hydroelectric generating assets currently held by Brookfield, further diversifying our geographic base.

BUSINESS RISKS

Management believes that there have been no significant changes in business risks that could affect our activities or results since the end of 2007. For additional information, please refer to the MD&A filed with the last audited financial statements, as well as the annual information form filed by Brookfield Power Corporation on www.sedar.com under Brookfield Power Corporation.

CERTIFICATION OF INTERIM FILINGS

In conjunction with these statements, we have filed the Venture Issuer Basic Certificate on SEDAR. This certificate, which replaces Form 52-109F2, 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 period ended March 31, 2008.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements concerning the Company's 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", "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.

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 (1) the level of generation; (2) energy prices; (3) the cost of production; (4) interest rates as they bear on indebtedness; (5) planned capital expenditures; (6) the impact of changes in the exchange rate on costs and results of operations; (7) the negotiation of collective agreements with unionized employees; (8) business and economic conditions; (9) the legislation governing air emissions, discharges into water, waste, hazardous materials and workers' health and safety as well as the impact of future legislation and regulations on taxation, expenses, capital expenditures and restrictions on operations; and (10) regulatory investigations, claims, lawsuits and other proceedings. 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 the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to May 12, 2008, the date of this MD&A.

/s/ Donald Tremblay

Donald Tremblay
Executive Vice President and Chief Financial Officer