U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

(Check One)

¨ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

x **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2009

Commission file number 1-15226

BROOKFIELD ASSET MANAGEMENT INC.

(Exact name of registrant as specified in its charter)

Ontario, Canada	**1121, 1031, 1061, 1311, 1321, 2421, 4939, 6311**	**Not applicable**
(Province or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number (if applicable))**	**(I.R.S. Employer Identification Number (if Applicable))**

Suite 300, Brookfield Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3
(416) 363-9491
(Address and Telephone Number of Registrant's Principal Executive Offices)

Torys LLP, 237 Park Avenue, New York, NY 10017-3142
(212) 880-6000
(Name, Address (Including Zip Code) and Telephone Number (Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Name of each exchange on which registered**
Class A Limited Voting Shares	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. Debt Securities

For annual reports, indicate by check mark the information filed with this Form:

x Annual Information Form x Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Class A Limited Voting Shares	**572,782,819**
Class B Limited Voting Shares	**85,120**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Principal Documents

The following documents, filed as Exhibits 99.1 through 99.4 hereto, are hereby incorporated by reference into this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended December 31, 2009;

(b) Management's Discussion and Analysis ("MD&A") for the fiscal year ended December 31, 2009;

(c) Consolidated Financial Statements for the fiscal year ended December 31, 2009; and

(d) Differences between Canadian and United States of America generally accepted accounting principles.

ADDITIONAL DISCLOSURE

Certifications and Disclosure Regarding Controls and Procedures

(a) Certifications. See Exhibits 99.6 and 99.7 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of the registrant's fiscal year ended December 31, 2009, an evaluation of the effectiveness of the registrant's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by the registrant's principal executive officer and principal financial officer. Based upon that evaluation, the registrant's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, the registrant's disclosure controls and procedures were effective to ensure that information required to be disclosed by the registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

It should be noted that while the registrant's principal executive officer and principal financial officer believe that the registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the registrant's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control Over Financial Reporting.

Management of the registrant is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the registrant's internal control over financial reporting as of December 31, 2009, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2009, the registrant's internal control over financial reporting was effective. Also, management determined that there were no material weaknesses in the registrant's internal control over financial reporting as of December 31, 2009.

(d) Attestation Report of the Registered Public Accounting Firm. Deloitte & Touche LLP, an independent registered public accounting firm, has audited the registrant's internal control over financial reporting as of December 31, 2009. The opinion of Deloitte & Touche on the registrant's internal control over financial reporting is included in Exhibit 99.10 attached hereto, which is incorporated by reference into this Annual Report on Form 40-F.

(e) Changes in Internal Control over Financial Reporting. During the fiscal year ended December 31, 2009, there were no changes in the registrant's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Notices Pursuant to Regulation BTR

None.

Audit Committee Financial Experts

The registrant's board of directors has determined that Mr. Marcel R. Coutu, Ms. Patricia M. Newson and Mr. George S. Taylor, all members of the registrant's audit committee, qualify as an "audit committee financial expert" (as such term is defined in Form 40-F).

Code of Ethics

The registrant has adopted a "code of ethics" (as that term is defined in Form 40-F), which it refers to as its Code of Business Conduct and Ethics, that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (together, the "Financial Supervisors").

The Code of Business Conduct and Ethics, which complies with the requirements of the New York Stock Exchange, is available for viewing on the registrant's website at *www.brookfield.com* at *About Brookfield/Corporate Governance* and is available in print to any shareholder who requests it. Requests for copies of the Code of Business Conduct and Ethics should be made by contacting: Catherine J. Johnston, Corporate Secretary, Brookfield Asset Management Inc., Suite 300, Brookfield Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3, Telephone: 416-363-9491. Alternatively, requests may be sent by email to *inquiries@brookfield.com*.

There were no waivers of the Code of Business Conduct and Ethics in 2009. The registrant amended the Code of Business Conduct and Ethics in August 2009. The principal changes include:

(a) expanded guidelines regarding fiduciary duties when dealing with investment management clients or related activities; (b) additional guidance regarding workplace harassment including clarification of accountability under such guidelines; (c) clearer guidelines on compliance with the most restrictive requirement under governmental laws, rules and regulations, or under company policies and the Code of Business Conduct and Ethics; and (d) guidelines on gifts and entertainment in connection with the conduct of business, including gifts to persons other than foreign public officials, gifts or other benefits to foreign public officials, acceptance of gifts from outside parties, political donations, and an explanation of consequences for failure to comply with such guidelines. A copy of the Code of Business Conduct and Ethics as amended is included with this report as Exhibit 99.5.

Principal Accountant Fees and Services

The information required is included under the heading "Principal Accountant Fees and Services" in the Audit Committee Information section of the registrant's Annual Information Form for the fiscal year ended December 31, 2009, incorporated by reference as Exhibit 99.1 to this Annual Report on Form 40-F.

Pre-Approval Policies and Procedures

The information required is included under the heading "Pre-Approval Policies and Procedures" in the Audit Committee Information section of the registrant's Annual Information Form for the fiscal year ended December 31, 2009, incorporated by reference as Exhibit 99.1 to this Annual Report on Form 40-F.

Off-Balance Sheet Arrangements

The registrant enters into derivative contracts in the normal course of its business, primarily to manage interest rate, currency and commodity price risks. The registrant also enters into financing commitments as part of its funds management business. These arrangements are disclosed in Part 3, "Analysis of Consolidated Financial Statements", in the registrant's MD&A for the fiscal year ended December 31, 2009, and in Note 17 to the registrant's Consolidated Financial Statements for the fiscal year ended December 31, 2009, incorporated by reference as Exhibits 99.2 and 99.3, respectively, to this Annual Report on Form 40-F. The registrant does not have any other off-balance sheet arrangements.

Tabular Disclosure of Contractual Obligations

The information required is included under the heading "Contractual Obligations" in Part 3, "Analysis of Consolidated Financial Statements," in the registrant's MD&A for the fiscal year ended December 31, 2009, incorporated by reference as Exhibit 99.2 to this Annual Report on Form 40-F.

Identification of the Audit Committee

The registrant has a separately designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are: Marcel R. Coutu, who is the committee's Chairman, Jack M. Mintz, Patricia M. Newson and George S. Taylor.

Disclosure Pursuant to the Requirements of the New York Stock Exchange

Independence of Directors

The registrant's board of directors has determined that 12 of the registrant's 16 directors, comprising a majority of the board, are "independent directors," as that term is defined in the rules of the New York Stock Exchange (the "NYSE"), in accordance with the director independence standards of the NYSE, and that none of these 12 directors has a material relationship with the registrant which would impair his independence from management or otherwise compromise his ability to act as an independent director. The directors who have been determined to be independent on this basis are: Marcel R. Coutu, J. Trevor Eyton, James K. Gray, Maureen Kempston Darkes, Lance Liebman, Philip B. Lind, G. Wallace F. McCain, Frank J. McKenna, Jack M. Mintz, Patricia M. Newson, James A. Pattison and George S. Taylor.

Presiding Director at Meetings of Independent Directors

The registrant schedules regular meetings in which the registrant's independent directors meet without the participation of management and non-independent directors. Mr. Frank McKenna serves as the lead director at such sessions (the "Lead Director").

Communication with Independent Directors

Shareholders may send communications to the registrant's independent directors by writing to the Lead Director, c/o Catherine J. Johnston, Corporate Secretary, Brookfield Asset Management Inc., Suite 300, Brookfield Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3, Telephone: (416) 363-9491. Alternatively, communications may be sent by e-mail to *inquiries@brookfield.com*. Communications will be referred to the Lead Director for appropriate action. The status of all outstanding concerns addressed to the Lead Director will be reported to the board of directors as appropriate.

Corporate Governance Guidelines

The rules of the NYSE require listed companies to adopt and disclose a set of corporate governance guidelines with respect to specified topics. Such guidelines are required to be posted on the listed company's website. The registrant operates under corporate governance principles that are consistent with the requirements of the NYSE rules, and which are summarized under the heading "Statement of Corporate Governance Practices" in the registrant's Management Information Circular dated March 10, 2010 in connection with its 2010 Annual Meeting of Shareholders and are available for viewing on the registrant's web site at *www.brookfield.com* under *About Brookfield/Corporate Governance.*

Board and Committee Charters

The charter of the registrant's board of directors is set out in Schedule A to the registrant's Management Information Circular for its 2010 Annual Meeting of Shareholders. The charter of the registrant's audit committee is set out in Appendix C of the Registrant's Annual Information Form for the fiscal year ended December 31, 2009. These documents are available for viewing on the registrant's web site at *www.brookfield.com* under *About Brookfield/Corporate Governance.*

The charters of the registrant's board of directors, audit committee, management resources and compensation committee and governance and nominating committee are each available for viewing on the registrant's web site at *www.brookfield.com* under *About Brookfield/Corporate Governance* and are available in print to any shareholder who requests them. Requests for copies of these documents should be made by contacting: Catherine J. Johnston, Corporate Secretary, Brookfield Asset Management Inc., Suite 300, Brookfield Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3, Telephone: (416) 363-9491. Alternatively, requests may be sent by email to *inquiries@brookfield.com*.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

The registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Securities and Exchange Commission (the "Commission") staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

The Company has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the registrant shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 30, 2010.

Brookfield Asset Management Inc.

By : /s/ Catherine J. Johnston

Name: Catherine J. Johnston

Title: Corporate Secretary and Legal Counsel

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2009, including Appendices A, B and C
99.2	Management's Discussion and Analysis for the fiscal year ended December 31, 2009
99.3	Consolidated Financial Statements for the fiscal year ended December 31, 2009
99.4	Differences between Canadian and United States of America generally accepted accounting principles
99.5	Brookfield Asset Management Inc. Code of Business Conduct and Ethics, as amended August 2009
99.6	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.7	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.8	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.9	Certification of Chief Financial Officer Form pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.10	Report of Independent Registered Chartered Accountants
99.11	Consent of Deloitte & Touche LLP

Exhibit 99.1

Brookfield Asset Management Inc.

ANNUAL INFORMATION FORM

March 26, 2010

ANNUAL INFORMATION FORM

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THE CORPORATION

Brookfield Asset Management Inc. (the "Corporation") is a global asset management company focused on property, power and infrastructure assets with approximately $100 billion of assets under management. The Corporation is listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX") under the symbol BAM and BAM.A, respectively, and on NYSE Euronext under the symbol BAMA.

Brookfield Asset Management Inc. was formed by articles of amalgamation dated August 1, 1997 and is organized pursuant to articles of amalgamation under the Business Corporations Act (Ontario) dated January 1, 2005.

References in this Annual Information Form to the "Corporation" refer to Brookfield Asset Management Inc., including its predecessor companies. References to "Brookfield", "we", "us" and "our" refer to the Corporation and its consolidated subsidiaries, individually or collectively, as applicable. The Corporation's registered office and head office are located at Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada M5J 2T3.

As an asset manager, we raise, invest and manage capital on behalf of ourselves and our co-investors, and develop and maintain operating platforms that enable us to effectively manage these assets and enhance their values over time. We operate and manage assets in the following areas:

i) Renewable Power Generation – Our power generating operations are predominantly hydroelectric facilities located on river systems in Canada, the United States and Brazil, along with a small number of co-generation and wind energy facilities;

ii) Commercial Properties – We own and operate high quality commercial office and retail properties on behalf of ourselves and our co-investors in North America, Australasia, Europe and Brazil;

iii) Infrastructure – Our infrastructure activities are currently concentrated in the utilities and energy, transportation and timber sectors and are located in the United States, Canada, Chile, Brazil, Australasia, Europe, United Kingdom and China;

iv) Development – Our development activities includes residential operations, properties held for development and opportunity investment funds;

v) Special Situations – Our specialty funds business includes restructuring, real estate financing and bridge lending in the property, power and infrastructure areas and in related sectors where we have investment expertise; and

vi) Public Securities – Our public securities activities include the management of $24 billion of fixed income and equity securities for institutional and individual investors.

At December 31, 2009, we employed approximately 15,000 people.

All financial information in this Annual Information Form is expressed in United States dollars, unless otherwise noted. All references to C$ are to Canadian dollars. All reference to R$ are to Brazilian reais. All references to A$ are to Australian dollars. All references to £ are to United Kingdom pounds. All information is presented as at December 31, 2009, unless otherwise noted.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking information within the meaning of Canadian provincial securities laws and other "forward-looking statements", within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this Annual Information Form, in other filings with Canadian regulators or the SEC or in other communications. The words "believe", "expect", "potential", "principally", "tend", "primarily", "generally", "anticipated", "position", "re-position", "re-lease", "strategy", "growth", "plan", "increasing", "commence", "opportunities", "lead", "generate", "pursue", "intend", "endeavour", "seek", "often", "enable", "goal", "expand", "build", "continue", "scheduled", "typically", and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "can", "may", "will", "should" or "would" are predictions of or indicate future events, trends or prospects and which identify forward-looking statements. Forward-looking statements in this Annual Information Form include among others, statements with respect to the expected commissioning of a renewable energy facility in Brazil in 2010, the expected completion of a wind energy facility in Ontario in 2010, potential capacity of our wind development project in Tehachapi, California, opportunities to re-lease space for increased yields, our commercial office development activities and expected operating income there from, future activities of the consortium dedicated to investing in under-performing real estate, future dividend resets and preference share conversions, commencement of construction of a transmission project in Texas, future proceeds from the sale of Concert Industries Corp., future re-leasing and repositioning of our office-condominium property in San Franciso, California, our beliefs about the potential outcome of the Corporation's dispute with American International Group Inc., our ability to maximize the value of our operating assets, businesses and investments, future opportunities to increase value and operating cash flow, pursue transactions and expand our operating base, our goal of achieving cash flow growth and total return over the longer term, our ability to maintain a meaningful presence in primary commercial properties markets to maximize the value of our tenant relationships, future sale or integration into our core operations or fund strategies of investments by our Special Situations Group once value is maximized, our beliefs about creation of long-term shareholder value, our strategy for growth, our capability to execute our business strategy, our financing approach, our financial and operating objectives and strategies to achieve them, our social and environmental policies and other statements with respect to our beliefs, outlooks, plans, expectations and intentions.

Although Brookfield believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: economic and financial conditions in the countries in which we do business; the behaviour of financial markets, including fluctuations in interest and exchange rates; availability of equity and debt financing; strategic actions including dispositions; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; our continued ability to attract institutional partners to our Specialty Investment Funds; adverse hydrology conditions; timber growth cycles; environmental matters; regulatory and political factors within the countries in which we operate; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; changes in accounting policies to be adopted under International Financial Reporting Standards; and other risks and factors detailed in Management's Discussion and Analysis of Financial Results incorporated by reference in this Annual Information Form under the heading "Business Environment and Risks" and in the Corporation's Form 40-F filed with the Securities and Exchange Commission as well as in other documents filed from time to time by the Corporation with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the Corporation undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

SUBSIDIARIES

The following is a list of the Corporation's main active subsidiaries, indicating the jurisdiction of incorporation and the percentage of voting securities owned, or over which control or direction is exercised directly or indirectly, by the Corporation:

Name	Jurisdiction of Incorporation	Percentage of Voting Securities Owned, Controlled or Directed
Property Operations		
Brookfield Homes Corporation	Delaware	60.4
Brookfield Properties Corporation	Canada	51.0
BPO Properties Limited	Canada	89.7
Power Generating Operations		
Brookfield Renewable Power Inc.	Ontario	100.0
Brookfield Renewable Power Fund	Quebec	50.0
Other		
Brascan Brasil, S.A.	Brazil	100.0
Brookfield Infrastructure Partners L.P.	Bermuda	40.8
Brookfield Multiplex	Australia	100.0
Brookfield Investments Corporation	Ontario	100.0
Norbord Inc.	Ontario	75.0[(a)]
Fraser Papers Inc.	Ontario	70.5

(a) The Corporation's direct and indirect interest in Norbord Inc. voting securities decreased to 53% in March 2010.

DEVELOPMENT OF THE BUSINESS

The following is a summary of recent developments since January 2007 in each of the Corporation's areas of business and in the Corporation's corporate and other activities.

Renewable Power Generation

2009 Activity

We transferred the remainder of our directly held Canadian operations to 50%-owned Brookfield Renewable Power Fund in two separate transactions. As part of the transfer, we agreed to purchase the power generated by these facilities at predetermined prices in order to provide increased stability for the fund's operating results. The fund in turn raised C$760 million in two equity issues, of which we purchased C$380 million to maintain our 50% ownership interest in the fund. As a result, all of our Canadian renewable energy facilities are now owned by the fund and we generated $525 million of liquidity. At year-end, the fund had an equity market capitalization, including our 50% interest, of approximately $1.9 billion.

We entered into a 20-year power sales agreement with the Ontario Power Authority for the previously uncontracted output of our Ontario operations, which is approximately 2,300 gigawatt hours annually including output from the facilities referred to above. The contract has a base price plus an additional amount in respect of on-peak production, both of which escalate annually on a predetermined basis. We are entitled to retain any ancillary revenues such as capacity payments and carbon credits. This agreement increased the amount of generation currently under long-term contract from 51% to approximately 70% and reduces our reliance on shorter-term contracts, consistent with our objectives.

We invested $120 million during 2009 to expand our operating base through a number of development initiatives including:

- commissioning of two facilities in Brazil with total capacity of 59 megawatts ("MW"). We expect to commission another 26 MW facility in Brazil in the first half of 2010;
- continued advancement of the development of a 50 MW wind energy project in Ontario. We have now secured all of the necessary construction, credit and energy sales agreements to proceed to completion, which is expected at the end of 2010;
- acquisition of our first wind development project in Tehachapi, California. Subject to acquiring long-term power purchase agreements and other approvals, the project has potential capacity of up to 100 MW; and
- execution of an agreement to acquire a 15 MW hydroelectric facility in Maine for $30 million.

We entered into an agreement to sell our Ontario electric distribution business to FortisOntario Inc., a wholly owned subsidiary of Fortis Inc. for approximately $68 million.

We completed a number of financing initiatives including:

- C$700 million corporate notes issued by Brookfield Renewable Power Inc.; and
- $315 million of project specific financings.

The proceeds were used to refinance existing debt and for general corporate purposes.

2008 Activity

We acquired a 156 MW hydroelectric generating facility on the Itiquira River in Mato Grosso State in central Brazil for a total cost of $400 million. All the power produced by this facility is sold under a long-term contract expiring in 2014. We also purchased the 18 MW Twin Cities run-of-the-river hydroelectric facility located on the Mississippi River in St. Paul, Minnesota.

We commenced commercial operations at three new hydroelectric facilities in Brazil that have a combined capacity to generate 61 MW of electricity.

2007 Activity

We acquired five facilities in North America with installed capacity of 28 MW at a cost of $67 million. We also added 13 facilities in Brazil through acquisitions and development at a total cost of $188 million.

Commercial Properties – Office

2010 Activity – to date

We completed the development of Deloitte Centre in Aukland, New Zealand. The new 23 storey, 23,720 square metre prime office building, which includes some flagship retail on the ground floor, is fully leased to Deloitte & Touche LLP and Bank of New Zealand.

Our North American subsidiary, Brookfield Properties Corporation ("Brookfield Properties") issued C$275 million or 11,000,000 Class AAA Preferred Shares, Series N at a price of C$25.00 per share. Holders of these shares are entitled to receive a cumulative quarterly fixed dividend yielding 6.15% annually for the initial 6 1/2-year period ending June 30, 2016, following which, the dividend rate will be reset every five years at a rate equal to the five-year Government of Canada bond yield plus 3.07%.

2009 Activity

We leased 4.6 million square feet in our core North American portfolio during 2009 at an average net rent of $21.41 per square foot, representing a 24% premium over the expiring leases, leading to increased in-place rent. We continue to manage our portfolios and tenant relationships on a proactive basis which can lead to opportunities to re-lease space for increased yields while minimizing vacancies.

In our commercial office development activities, we concentrated our efforts and capital on properties that were well leased and well advanced in the development process. We completed seven properties in Australia, United States and Canada at a total cost of $755 million. We have one building under construction in Perth that is 82% pre-leased to BHP Billiton, the world's largest mining company. Overall, we added 2.1 million square feet to our portfolio and the occupancy of these properties upon completion totaled 92%. On a full year basis, these buildings should add $53 million of operating income to our earnings.

Brookfield Properties and BPO Properties Ltd. opened Bay Adelaide Centre, a new, 51-storey, 1.2-million-square-foot office tower in downtown Toronto's financial core, and the first development built to achieve a Leadership in Energy and Environmental Design (LEED) Gold Standard in Toronto's financial district.

We increased our ownership of a high quality office property portfolio in Australia through the restructuring of A$520 million of debt issued by a fund in which Brookfield acquired management rights in 2007. Following a breach of the fund's loan to value covenants in June 2009, we were able to negotiate new terms with the lenders and completed a A$50 million rights offering which resulted in an increase of Brookfield's interest to 68%. This fund owns four high quality properties in Sydney and Melbourne totaling 1.9 million square feet of office space that is 99% leased.

Together with Brookfield Properties, the Corporation announced the formation of a $5 billion consortium (the "Consortium") dedicated to investing in under-performing real estate. The Consortium will invest in equity and debt in under-valued real estate companies or real estate portfolios where value can be created for stakeholders in a variety of ways, including financial and operational restructuring,

strategic direction or sponsorship, portfolio repositioning, redevelopment or other active asset management. Investments in the Consortium are targeted at corporate property restructurings with a minimum $500 million equity commitment, and pursued on a global basis, with a focus on North America, Europe and Australasia.

Financings completed during the year totalled $2.8 billion, including a public offering of $485 million of Brookfield Properties common shares to minority shareholders. The Corporation concurrently purchased common shares from Brookfield Properties equal to the public offering in order to maintain its 50% voting interest. Brookfield Properties also issued C$250 million 6.75% rate-reset preferred shares.

Brookfield Properties entered into a joint venture partnership on an office property at 1625 Eye St., NW in Washington, DC. in which it will assume a 90% common membership interest in the building by contributing $203.4 million, or $587 per leasable square foot. Brookfield Properties will maintain a 10% common membership interest as well as a preferred interest in the venture, and will retain property management and leasing responsibilities at the building.

We completed a number of debt financing initiatives, including:

- $750 million of corporate borrowing, bonding and guarantee facilities; and
- over $2 billion of property-specific mortgage financings.

2008 Activity

We leased 6.4 million square feet in our North American portfolio during 2008 at an average net rent of $25.44 per square foot, replacing expiring leases that averaged $17.80 per square foot.

Brookfield Properties advanced construction and pre-leasing of the Bay Adelaide Centre West Tower in Toronto. The building was topped off in September 2008.

Brookfield Properties completed two office projects in the Washington D.C. area, 1225 Connecticut Avenue, a 227,000 square foot redevelopment, and Two Reston Crescent, a 185,000 square foot new office building.

We received development approval for one of the largest commercial office complexes in Perth, West Australia.

Brookfield Properties sold its 50% interest in TD Canada Trust Tower in Toronto for C$425 million.

Brookfield Properties completed the disposition of the non-core properties acquired in 2006 from Trizec Properties, Inc. and Trizec Canada Inc.

We completed $1.2 billion of financings to refinance existing properties.

2007 Activity

The Corporation completed the acquisition of the stapled securities of Multiplex Limited and Multiplex Property Trust (together “Multiplex”). Prior to this acquisition, Multiplex was a diversified owner and property manager based in Australia, with established operations in Australia, New Zealand, the United Kingdom and the Middle East. Multiplex’s assets at the time of acquisition included approximately $3.6 billion of core office and retail properties within nine funds and a $3 billion high-quality office portfolio held within the Multiplex Property Trust. At the time of acquisition, Multiplex employed approximately 2,300 people.

Brookfield Properties acquired minority interests in its 53 and 75 State Street office buildings in downtown Boston for approximately $500 million.

Commercial Properties – Retail

2008 Activity

We opened the 825,000 square foot Eden shopping centre complex, located in High Wycombe, U.K.

2007 Activity

Our retail property fund in Brazil, Brascan Brazil Real Estate Partners, entered into an agreement to acquire five high-quality shopping centres in São Paulo and Rio de Janeiro for R$1.7 billion Brazilian reais (approximately $965 million). This acquisition expanded the fund’s portfolio to approximately 2.5 million square feet of retail centres in south-central Brazil. Many of the properties in this portfolio were undergoing significant developments during 2008 and 2009.

Infrastructure

***2010 Activity* – to date**

Acadian Timber Income Fund (“Acadian”) was converted to a corporation named Acadian Timber Corp., pursuant to a plan of arrangement under the Canada Business Corporations Act together with CellFor Inc., a leading independent supplier of high technology seedlings to the global forest industry. The Corporation continues to hold 45% of Acadian.

2009 Activity

We acquired an $8 billion portfolio of global infrastructure assets consisting primarily of utility and transportation businesses which significantly expanded the breadth of our operations and assets under management in this segment. The acquisition was completed by our principal infrastructure entity, Brookfield Infrastructure Partners L.P. ("Brookfield Infrastructure"), and consists of a 40% interest in the restructured Australian listed entity named Prime Infrastructure ("Prime") that owns most of the acquired portfolio, as well as a direct 49% interest in a major Australian coal terminal and a 100% interest in a UK port business. Prime owns a diverse portfolio of transportation and utility assets located in Australia, the U.S., the U.K., continental Europe, New Zealand and China. We funded the acquisition with $1.8 billion of equity, of which $0.8 billion was funded by other shareholders of Prime, $0.6 billion was funded by other investors in Brookfield Infrastructure, and $0.4 billion was funded by us in the form of additional investment in Brookfield Infrastructure. The acquired businesses are largely regulated, with the effect that approximately 80% of our Infrastructure operating cash flows are now generated from businesses that are regulated or underpinned by long-term contracts.

We were awarded a major contract to construct a $400 million transmission project in Texas, together with our joint venture partner. Construction is scheduled to commence in late 2010 and the project is expected to start contributing to cash flow in early 2013.

We established three unlisted infrastructure funds during 2009 with total capital commitments of $1.9 billion, including $0.5 billion from Brookfield. They include a $400 million fund focused on Colombia and our $460 million Brazil Agriland fund, as well as a larger fund focused more broadly on the Americas.

Brookfield Infrastructure completed the previously announced sale of 95% of its minority interest in a group of five related transmission investments in Brazil for total proceeds of $275 million.

Brookfield Infrastructure closed a $200 million revolving credit facility with a syndicate of global financial institutions.

The Corporation converted 4.5 million Class B interests of Katahdin Forest Management LLC into units of Acadian, increasing our ownership of Acadian units to 45.3%. Our fully diluted ownership was unchanged.

2008 Activity

The Corporation formed an investment fund into which a portion of our US Pacific Northwest freehold timberlands were sold.

Brookfield Infrastructure exercised its option to sell its minority interest in a group of five related transmission investments in Brazil.

The Corporation completed the spin-off of a 60% interest in Brookfield Infrastructure to the holders of the Corporation’s Class A Limited Voting Shares and Class B Limited Voting Shares. Initially, Brookfield Infrastructure held interests in five electricity transmission and timber operations in Canada, the United States, Chile and Brazil. In March 2008, Brookfield Infrastructure announced the purchase of certain Ontario Transmission Assets from the Corporation. Shareholders received on January 31, 2008 one partnership unit for every 25 Class A Limited Voting Shares or Class B Limited Voting Shares held at the close of business on January 14, 2008. The partnership units commenced trading on the New York Stock Exchange on January 31, 2008 under the stock symbol BIP.

2007 Activity

The Corporation announced the completion of its acquisition of Longview Fibre Company, a U.S. forest products company, for approximately $2.15 billion, including assumed debt. With this transaction, the Corporation acquired 588,000 acres of freehold timberlands in Washington and Oregon, as well as specialty paper and container manufacturing facilities. On acquisition, Longview Fibre Company employed approximately 2,400 people.

Development Activities

***2010 Activity* – to date**

Brookfield Real Estate Opportunity Fund announced the acquisition of a 16 property portfolio in the U.S. totaling 2.9 million square feet from JP Morgan Chase, which, as part of the transaction, is leasing back over 60% of the space in the portfolio on a long-term basis.

2009 Activity

We significantly expanded our Brazilian residential development business over the past 18 months through two merger transactions and two equity issues. This enabled us to expand into new geographic markets and added greater scale in the middle income market. The combined businesses generated record sales and cash flows during 2009 as a result of these initiatives as well as the continued strength of the Brazilian economy.

We invested $248 million in our U.S. residential business, Brookfield Homes Corporation ("Brookfield Homes") as part of a rights offering to all shareholders, increasing our interest from 60% to 82%.

Brookfield's publicly listed Brazilian residential business, Brookfield Incorporacões, completed a rights offering of 100 million new common shares, raising R$200 million in capital. Brookfield subscribed for its pro rata share and now holds a 43% interest in the company.

2008 Activity

We expanded our Brazilian residential property operations through the acquisition of MB Engenharia and a merger with Company S.A. These transactions increased our market position in São Paulo and Rio de Janeiro and also established a presence in the mid-west region of Brazil, including Brasilia and Goiânia. The acquisitions also extended our product offerings into the middle income segment, thereby providing a complement to our existing presence in the higher income segment.

2007 Activity

The Corporation acquired approximately 1.4 million common shares of Brookfield Homes, increasing the Corporation's ownership interest in Brookfield Homes to 58%.

The Corporation formed Brookfield Real Estate Opportunity Fund II, a $168 million fund formed to invest in underperforming real estate properties in North America including office, retail, industrial and multi-family properties.

Special Situations

2010 Activity – **to date**

We sold 9 million shares of Norbord Inc. ("Norbord") for approximately C$145 million, reducing our fully diluted interest from approximately 73% to 53%.

Brookfield Special Situations Partners Ltd. ("Brookfield Special Situations"), Brookfield's restructuring group (formerly Tricap Partners Ltd.) signed an agreement to sell Concert Industries Corp., to a global manufacturer of specialty papers and engineered products. Following an initial investment of $100 million during 2004 and 2005 and subsequent restructuring, refinancing and expansion of its German facilities, Brookfield Special Situations will receive $235 million on closing.

2009 Activity

The Corporation foreclosed on a 542,000 square foot, approximately $250 million office-condominium property in San Francisco through a defaulted mezzanine mortgage, which was held in our Mezzanine Fund. We intend to re-lease and reposition the property over the next few years.

Fraser Papers Inc. ("Fraser") initiated a court-supervised restructuring under the Companies' Creditors Arrangements Act (Canada) and similar relief under Chapter 15 of the U.S. Bankruptcy Code in the U.S. and was subsequently granted approval to sell its specialty paper assets to a newly incorporated company sponsored by its three principal creditors, Brookfield, the Government of New Brunswick and CIT Business Credit Canada Inc. ("CIT"). Under the terms of the offer, Brookfield has agreed to convert its claim against Fraser into a 51% common equity position, the Government of New Brunswick to convert its $35 million secured loan into equity in the form of preferred shares of the new company and CIT, which provided working capital to Fraser, has agreed to provide a $50 million revolving line of credit to the new company.

Brookfield Special Situations and Brookfield Bridge Lending Fund Inc., the Corporation's specialty bridge lending fund, invested in three Western Canada-based oil and gas related companies through several acquisition and private placement transactions. Two of Brookfield's private equity funds now own 54% of Insignia Energy Inc., 83.5% of Central Alberta Well Services Corp. and 60.9% of Second Wave Petroleum.

The Corporation, together with Export Development Canada ("EDC") announced the establishment of a C$1 billion fund backed by EDC to provide debtor-in-possession loans and other specialty finance solutions to Canadian companies undergoing a restructuring or reorganization. Brookfield committed to provide 10 per cent of the fund's capital and manages the fund. EDC is its largest investor with an initial participation of C$450 million.

The Corporation acquired 163 million common shares and 81 million common share warrants of our forest-products subsidiary Norbord for approximately C$144 million, in conjunction with Norbord's rights offering. This acquisition increased Brookfield's direct and indirect ownership of Norbord's common shares to approximately 75%.

Tricap Management Limited ("Tricap"), an indirect wholly-owned subsidiary of Brookfield, acquired 4,303,788 additional common shares and 254,374,654 non-voting shares of Western Forest Products Inc. ("Western") for C$0.19 per share in connection with Western's rights offering. This acquisition increased Tricap's ownership of Western's common and non-voting shares to 49% and 100% respectively. Of the shares acquired, an aggregate of 236,500,018 shares are beneficially owned by the Corporation. Including the Tricap acquisition, the Corporation beneficially owns 49,124,547 common shares and 300,028,286 non-voting shares representing approximately 38% and 89% of the issued and outstanding common shares and non-voting shares of Western.

2008 Activity

The Corporation closed the sale of our Lloyds Insurance business and reached an agreement to sell our U.S. property and casualty insurance business.

The Corporation announced the acquisition of 18,813,245 common shares of our paper products subsidiary, Fraser Papers, through an equity rights offering, increasing our direct and indirect interest in Fraser Papers to approximately 70%.

2007 Activity

The Corporation formed Bridge II, a specialty lending fund offering tailored solutions to North American companies in need of access to short-term financing.

The Corporation announced the acquisition of 2,000,000 common shares of Fraser, increasing our direct and indirect interest in Fraser to 56%.

Public Securities

2009 Activity

Hyperion Brookfield Asset Management, Inc. and Brookfield Redding LLC, both Brookfield subsidiaries, announced the completion of their integration into a combined registered investment advisor known as Brookfield Investment Management Inc. ("BIM"). BIM's fixed income and equity platforms provide investment management expertise across core fixed income, high yield, structured investment products, global REITs and listed infrastructure securities.

We launched the Dow Jones Brookfield Infrastructure Indexes.

We launched the Brookfield Redding Infrastructure Fund for investing in global infrastructure.

2007 Activity

We acquired KG Redding, an investment manager of North American and global real estate securities with over $6 billion in assets under management, for $80 million cash and the issue of Class A Limited Voting Shares.

Corporate and Other

2010 Activity – **to date**

The Corporation issued C$300 million ($289 million) unsecured debt financing at 5.2% with a September 2016 maturity.

The Corporation issued C$275 million 5.40% rate-reset Class A Preference Shares, Series 24.

2009 Activity

The Corporation filed suit in the U.S. District Court of Manhattan against American International Group Inc. ("AIG"), alleging that AIG's 2008 financial collapse and subsequent government sponsored bailout in 2009 triggered several default provisions under a 1990 swap agreement entered into by Brysons International, a Brookfield affiliate, related to a $200 million loan with final payments owing in 2015. The terms of the swap agreement provide that the agreement automatically terminates if one-counterparty experiences a

sufficient degree of financial distress. The Corporation has filed for adjudication on the event of the default and a declaration that no payments are required by it for future payments under the agreement. The Corporation has expensed the accrual amounts owed on the life of the agreement over the years and marked-to-market the contract. The Corporation believes a positive adjudication by the court would result in the inclusion of income of $900 million.

The Corporation issued C$300 million 7.0% rate-reset Class A Preference Shares, Series 22, in Canada.

The Corporation issued C$500 million ($450 million) senior unsecured debt financing at 8.95% with a five-year term.

The Corporation received approval for a normal course issuer bid to purchase up to 49,300,000 Class A Limited Voting Shares representing approximately 9.9% of the public float of the Corporation's issued and outstanding shares in this series through open market purchases on the NYSE and the TSX. Under this bid, which commenced on April 21, 2009 and will expire on or before April 20, 2010, Brookfield has not purchased any Class A Limited Voting Shares as of the date of this Annual Information Form.

2008 Activity

The Corporation issued $150 million of unsecured term debt pursuant to a private placement, comprising $75 million of 5-year 6.65% notes and $75 million of 4-year 6.4% notes.

The Corporation issued C$150 million 5.0% Class A Preference Shares, Series 21, in Canada.

The Corporation received approval for a normal course issuer bid to purchase up to 49,500,000 Class A Limited Voting Shares representing approximately 9.9% of the public float of the Corporation's issued and outstanding shares in this series through open market purchases on the NYSE and TS. Under this bid, which commenced on April 21, 2008 and expired on April 20, 2009, the Corporation purchased 13,251,052 Class A Limited Voting Shares for approximately $235 million at an average price of $17.73 per share. All Class A Limited Voting Shares purchased under this bid were cancelled.

The Corporation's Class A Limited Voting Shares commenced trading on NYSE Euronext under the stock symbol BAMA.

2007 Activity

The Corporation redeemed its C$125 million outstanding 8.30% Preferred Securities due June 30, 2051.

The Corporation completed a three-for-two stock split of its Class A Limited Voting Shares by way of a stock dividend of one-half a Class A Limited Voting Share for every Class A Limited Voting Share or Class B Limited Voting Share held. All share and per share information in this Annual Information Form for the period prior to June 1, 2007 has been adjusted to reflect this stock split, except as noted.

The Corporation issued C$200 million 4.75% Class A Preferences Shares, Series 18, in Canada.

The Corporation completed an offering in the United States of $250 million of 5.80% notes due April 2017 and an offering in Canada of C$250 million of 5.29% notes also due April 2017.

The Corporation received approval for a normal course issuer bid to purchase up to 49,500,000 Class A Limited Voting Shares representing approximately 10% of the public float of the Corporation's issued and outstanding shares in this series through open market purchases on the New York and Toronto Stock Exchanges. Under this bid, which commenced on April 21, 2007 and expired on April 20, 2008, the Corporation purchased 6,172,700 Class A Limited Voting Shares for approximately C$201 million at an average price of C$32.53 per share. All Class A Limited Voting Shares purchased under this bid were cancelled.

The Corporation redeemed its $125 million outstanding 8.35% Preferred Securities.

BUSINESS OF THE CORPORATION

Our Business

Brookfield is a global asset management company with over $100 billion of assets under management.

Our business strategy is to provide world-class asset management services on a global basis, focused on real assets such as property, renewable power and infrastructure assets. Our business model is simple: utilize our global reach to identify and acquire high quality assets at favourable valuations, finance them effectively, and then enhance the cash flows and values of these assets through our leading operating platforms to achieve reliable attractive long-term total returns for the benefit of our partners and ourselves.

We focus on assets and businesses that form part of the critical backbone of economic activity, whether they generate reliable clean electricity, provide high quality office space in major urban markets, or transport goods and resources to or from key locations. These assets and businesses typically benefit from some form of barrier to entry, regulatory regime or other competitive advantage that provides stability in cash flows, strong operating margins and value appreciation over the longer term.

The majority of our assets are invested in high quality commercial office properties, hydroelectric power generating facilities and infrastructure assets. We also develop commercial and residential properties, conduct restructuring, real estate finance and other investment activities through our special situations group and manage fixed income and equity securities through our public securities operations.

Our business is organized into a number of leading operating groups that we have established over many years, and is comprised of more than 15,000 employees. These groups, with their broad operating capabilities and expertise, enable us to maximize the value of our operating assets, businesses and investments.

We have established a number of private and public entities to enable our clients and other investors to participate with us in the ownership of these assets. Our clients are sovereign wealth funds, pension funds, insurance companies, high net worth individual investors and retail customers on a global basis. This provides us with an important source of additional cash flow and other opportunities to create value that we believe will enable us to increase operating cash flow per share at a faster rate than if we relied solely on deploying our own capital. These activities also provide us with additional capital to pursue a broader range of transactions and expand our operating base without straining our own resources, as well as establishing important relationships with many of the world's premier global investors.

We have two principal financial performance metrics: operating cash flow and total return, both measured on a per share basis. We define total return as the change in underlying value together with distributions to shareholders. Our goal is to achieve cash flow growth and total return over the longer term of between 12% and 15%. (See page 12 of the Corporation's 2009 Annual Report for further information on the non-GAAP measure "cash flow from operations").

Total assets under management at December 31, 2009 were $108 billion and were underpinned by $64 billion of capital. We provided approximately $22 billion of this capital from our balance sheet. Institutions have invested $24 billion in our public securities portfolios and $9 billion in our unlisted funds and $9 billion is represented by the equity of various publicly listed issuers that we own and manage.

We differ from most other asset management companies in three important ways:

- The first difference is the industry leading operating platforms we have built up over many years. Our commitment to maintaining these platforms has enabled us to attract and retain best-in-class people and gives us the capability to maximize the long-term cash flows and values of our assets.
- The second difference is our substantial capital base and the significant amount of capital we have committed to the same investment strategies alongside our clients. This invested capital aligns our interests with our clients, generates substantial cash flows to reinvest and provides a solid capitalization to further enhance our role as a reliable sponsor of investment transactions.
- The third difference is how we seek to benefit from managing assets for our clients and investment partners. The cash flow that we receive from our capital and the breadth of our operations allow us to fund our activities without being overly dependent on large base management fee streams to cover the operating costs that we incur. This enables us to seek returns in the form of equity participations or other long-term interests which typically align well with our clients and co-investors.

Principal Business Activities and Sources of Operating Cash Flows

As at December 31, 2009, we had invested approximately $22 billion alongside our clients and co-investors. This capital generated $2.0 billion of operating cash flow and gains during 2009, prior to interest and operating costs.

Our capital is invested primarily in renewable hydroelectric power plants, commercial office properties in central business districts of major international centres and regulated infrastructure assets. These segments, together with cash and financial assets, represent over 70% of our invested capital and contribute to the strength and stability of our capitalization and underlying values.

Asset Management and Other Service Revenues

Asset management revenues include the fees and performance returns that we earn for managing capital on behalf of investment clients. As noted above, we also receive other benefits that are reflected in our operating returns from our various platforms. We also include a broad range of property services, investment banking and construction services which we provide to customers.

Renewable Power Generation

We have one of the largest privately owned hydroelectric power generating portfolios in the world, located on river systems in the U.S., Canada and Brazil. We have chosen to focus on hydroelectric generation because of the long-life, exceptional reliability and low operating costs of these facilities. As at December 31, 2009, we owned and managed 164 hydroelectric generating stations which generate on average approximately 16,000 gigawatt hours of electricity each year. We also own and operate a 189 MW wind energy project as well as two natural gas-fired plants. Overall, our assets have 4,198 MW of generating capacity.

Commercial Properties

We own and manage one of the highest quality commercial office portfolios in the world located in major financial, energy and government centre cities in North America, Australasia and Europe. Our strategy is to concentrate our operations in high growth, supply-constrained markets that have high barriers to entry and attractive tenant bases. Our goal is to maintain a meaningful presence in each of our primary markets in order to maximize the value of our tenant relationships. At December 31, 2009, our portfolio consisted of 166 properties containing approximately 95 million square feet of commercial space, which includes a number of high quality shopping centres in Brazil, the United Kingdom and Australia.

Infrastructure

During 2009, we completed a transaction that significantly expanded the scale of our infrastructure operations. Our infrastructure group now manages approximately $15 billion of total assets in the following sectors: transportation (ports, rail lines); utilities (electrical and natural gas transmission); and timberlands. Our strategy is to acquire and operate high quality assets and operations that provide essential services or products and which generate cash flows that are supported by regulatory regimes or some form of barrier to entry.

Development Activities

We develop commercial properties on a selective basis, and are active in residential development throughout North America, Australasia, Brazil and the United Kingdom. We also develop agricultural lands in Brazil. These activities encompass 41 million square feet of developable commercial space, 61 million square feet of residential condominiums, 123,000 lots for residential land and 370,000 acres of agricultural land. We also conduct development activities within our renewable power generation and timberland activities.

Special Situations

We conduct a wide range of restructuring, real estate finance and bridge lending activities through investment funds with total committed capital of $5.0 billion. Total invested capital at year end was $6.9 billion of which our share was $1.6 billion. We also hold a number of investments that are mostly temporary in nature and will be sold once value is maximized or integrated into our core operations or new fund strategies.

Public Securities and Advisory Services

We manage fixed income and equity securities for institutional clients with a focus on the real estate and infrastructure asset classes. Assets under management in this segment totalled $24 billion at year end. We also provide specialized investment banking and transaction advisory services in North America, the United Kingdom and Brazil. The associated revenues are included in asset management revenues. We have minimal capital invested in these activities.

Business Strategy

We are a global asset management company focused on property, renewable power and infrastructure assets. We have spent many years building high quality operating platforms that enable us to acquire, finance and optimize the value of assets for our own benefit, and for our clients whose capital we manage.

We believe that the best way to create long-term shareholder value is to generate increasing operating cash flows and net asset value, measured on a per share basis, over a very long period of time. Accordingly, we concentrate on high quality long-life assets that generate sustainable cash flows, require minimal sustaining capital expenditures and tend to appreciate in value over time. Often these assets will benefit from some form of barrier to entry due to regulatory, physical or cost structure factors. While high quality assets may initially generate lower returns on capital, we believe that the sustainability and future growth of their cash flows are more assured over the long term, and as a result, warrant higher valuation levels. We also believe that the high quality of our asset base protects the company against future uncertainty and enables us to invest with confidence when opportunities arise.

Consistent with this focus, we own and operate large portfolios of hydroelectric power generating stations, office properties, private timberlands and regulated transportation and utility systems that, in our opinion, share these common characteristics. These assets represent important components of the infrastructure that supports the global economy.

We believe the demand from institutional investors to own assets of this nature is increasing as they seek to earn increasing yields to meet their investment objectives. These assets, in our view, represent attractive alternatives to traditional fixed income investments, providing in many cases a “real return” that increases over time, relatively low volatility and strong capital protection. There is a substantial supply of investment opportunities in the form of existing assets as well as the need for continued development in an ever expanding global economy. At the same time, we believe there are relatively few global organizations focused on managing assets of this nature as a primary component of their strategy.

Accordingly, an important component of our long-term strategy for growth is centred around expanding our assets under management, which should lead to increased fee revenues and long-term opportunities to earn performance returns. We plan to achieve this within our existing operating platforms, and by developing and acquiring platforms to operate new asset classes that demonstrate characteristics that are similar to our existing assets. We also plan to achieve growth by expanding our distribution capabilities to access a broader range of investment partners, thereby increasing our access to capital. This increased capital, when coupled with new investment opportunities, should increase our assets under management and the associated income as well as direct investment returns, thereby increasing shareholder value.

Capabilities

We believe that we have the necessary capabilities to execute our business strategy and achieve our performance targets. We focus on disciplined and active hands-on management of assets and capital. We strive for excellence and quality in each of our core operating platforms in the belief that this approach will produce superior returns over the long term.

We endeavour to operate as a value investor and follow a disciplined investment approach. Our management team has considerable capabilities in investment analysis, mergers and acquisitions, divestitures and corporate finance that enable us to acquire assets for value, finance them effectively, and to ultimately realize value created during our ownership.

Our operating platforms and depth of experience in managing these assets differentiate us from some competitors that have shorter investment horizons and more of a financial focus. Over time we have established a number of high quality operating platforms that are fully integrated into our organization. This has required considerable investment in building the management teams and the necessary resources; however, we believe these platforms enable us to optimize the cash returns and values of the assets that we manage.

We have established strong relationships with a number of leading institutions and believe we are well positioned to expand our sources of co-investment capital and clients. In order to expand our assets under management, we are investing in our distribution capabilities to encourage existing and potential clients to commit capital to our investment strategies. We are devoting expanded resources to these activities, and our efforts continue to be assisted by strong investment performance.

The diversification within our operations allows us to offer a broad range of products and investment strategies to our clients. We believe this is of considerable value to investors with large amounts of capital to deploy. In addition, our commitment to transparency and governance as a well-capitalized public company listed on major North American and European stock exchanges positions us as a desirable long-term partner for our clients.

Finally, our commitment to invest a meaningful amount of capital alongside our investors creates a strong alignment of interest between us and our investment partners and also differentiates us from many of our competitors. Accordingly, our strategy calls for us to maintain considerable surplus financial resources relative to other managers. This capital also supports our ability to commit to investment opportunities on our own account when appropriate or in anticipation of future syndications.

Financing Approach

The strength of our capital structure and the liquidity that we maintain enable us to achieve a low cost of capital for our shareholders and at the same time provide us with the flexibility to react quickly to potential investment opportunities and adverse changes in economic circumstances, such as we have witnessed over the past 18 months.

The following are the key elements of our capital strategy:

• Match fund our long-life assets with long-duration mortgage financings with a diversified maturity schedule;

• Provide recourse only to the specific assets being financed, with limited cross collateralization or parental guarantees;

• Limit borrowings to investment grade levels based on anticipated performance throughout a business cycle;

• Structure our affairs to facilitate access to capital and liquidity at multiple levels of the organization; and

• Maintain access to a broad range of financing markets.

As a result of the foregoing, most of our borrowings are in the form of long-term, property-specific financings such as mortgages or project financings secured only by the specific assets. The diversification of our maturity schedule means that financing requirements in any given year are manageable. Limiting recourse to specific assets or business units ensures that weak performance by one asset or business unit does not compromise our ability to finance the balance of the operations.

Our focus on structuring financings with investment grade characteristics ensures that debt levels on any particular asset or business can typically be maintained throughout a business cycle, and also enables us to limit covenants and other performance requirements, thereby reducing the risk of early payment requirements or restrictions on the distribution of cash from the assets being financed. Furthermore, our ability to finance at the parent, operating unit, and asset level on a private or public basis means that we are not overly dependent on any particular segment of the capital markets or the performance of any particular unit.

To enable us to react to attractive investment opportunities and deal with contingencies when they arise, we typically maintain a high level of liquidity at the corporate level and within our key operating platforms. Our primary sources of liquidity, which we refer to as “core liquidity,” consist of our cash and financial assets, net of deposits and other associated liabilities, and undrawn committed credit facilities.

We generate substantial liquidity within our operations on an ongoing basis through our operating cash flow, which typically exceeds $1.5 billion on an annual basis, as well as from the turnover of assets with shorter investment horizons and periodic monetization of our longer-dated assets through sales, refinancings or co-investor participations. Accordingly, we believe we have the necessary liquidity to manage our financial commitments and to capitalize on opportunities to invest capital at attractive returns. Nevertheless, we are cognizant of the current instability in the capital markets and continue to place a premium on liquidity and allocate capital in a cautious manner.

CODE OF BUSINESS CONDUCT AND ETHICS

The Corporation has a Code of Business Conduct and Ethics (“Code”) that sets out the expected conduct of its directors, officers and employees, and those of its subsidiaries that are not publicly-traded entities, in relation to honesty, integrity and compliance with all legal and regulatory requirements. The Board of Directors of the Corporation has approved the Code, copies of which are available on System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and also may be obtained on our web site at www.brookfield.com at Corporate Info/Conduct Guidelines.

For information about the Code, reference is made to the section entitled "Code of Business Conduct and Ethics" on page 25 of the Corporation's Management Information Circular dated March 10, 2010 (the "Circular") which is available on the SEDAR at www.sedar.com. A copy of the Circular can also be obtained from the Corporation and is available on our web site www.brookfield. com at Investor Centre/Other Disclosure Reports.

ENVIRONMENTAL PROTECTION, BUSINESS ENVIRONMENT AND RISKS

We have established policies and procedures for environmental management and compliance, and we have incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage potential liability exposure. For information about environmental policies and risk factors related to the Corporation and its business, reference is made to the section entitled "Business Environment and Risks" on pages 68 to 80 of Management’s Discussion and Analysis in the Corporation’s 2009 Annual Report (the "Annual Report") which is available on SEDAR at www.sedar.com. A copy of the Annual Report can also be obtained from the Corporation and is available on our web site www.brookfield.com at Investor Centre/Financial Reports.

SOCIAL AND ENVIRONMENTAL POLICIES

Commercial Properties

As a leader in the commercial real estate industry, we are committed to owning, developing and managing premier office properties that are sustainable, environmentally friendly and technologically advanced. We intend to build all our future developments to a LEED® (Leadership in Energy and Environmental Design) Gold standard or local equivalent. The LEED® Green Building Rating System is an internationally accepted scorecard for sustainable sites, water efficiency, energy and atmosphere, materials and resources, and indoor environmental quality. In addition, we continue to expand and enhance the features, systems and programs that foster energy efficiency in our existing buildings, as well as the health and safety of all of our tenants, employees and the community. We perform regular, comprehensive environmental reviews and upgrades at our properties and endeavor to maximize energy efficiency at every building. Our goal is to provide the highest-quality office space for our tenants while also reducing operating costs and the impact on the environment over the full lifecycle of the property.

We are firmly committed to the continuous improvement of energy performance and the sustainability profile of our North American office portfolio, both within existing buildings and in new developments. Each of our properties undergoes routine, comprehensive environmental reviews and upgrades. Renovations are undertaken with the most environmentally conscious products reasonably available. The goal is to provide high quality office space while reducing operating costs. Energy efficiency is one of our top priorities.

We have a three-pronged strategy toward achieving maximum sustainability and energy conservation in our office assets:

1. Incorporate innovative energy conservation strategies to achieve best-in-industry environmental performance in all new office developments;
2. Capitalize on opportunities to redevelop, retrofit, redesign and renovate properties within the existing portfolio to realize maximum energy efficiency and reduction in carbon footprint; and
3. Take leadership positions in green industry organizations and undertake new initiatives that foster the sustainability of commercial properties.

We intend to build all new developments to a LEED Gold standard and we have achieved LEED certification at eight properties within our existing office portfolio.

Renewable Power Generation

We have health and safety and environmental policies in place in connection with our power generating and transmission operations that require all employees, contractors, agents and others involved to comply with established safety, health and environmental practices. We strive to achieve excellence in safety performance and to be recognized as an industry leader in accident prevention. Our overall objective is to incur zero high risk safety incidents and zero lost time injuries. Our environmental practices are based on fundamental values of accountability, partnership and open communication. We endeavour to manage natural resources in ways that ensure sustainable development. Our approach protects and enhances the ecosystems and communities affected by our activities. We are committed to the environmentally responsible management of our assets. Developments undertaken have all obtained their required environmental authorizations from the appropriate regulatory authorities. We pay particular attention to dam safety. Inspections and independent evaluations of our dams and other hydroelectric structures are periodically conducted, and repairs and upgrades are made to any elements or design features as may be required from time to time. Public safety is also one of our primary concerns. We endeavour to keep the lands and waterways we use for our operations safe for the general public. We also conduct information sessions for the general public to educate them of the dangers of using land and waterways of hydroelectric generating facilities for recreational purposes.

Timberlands

Our timberlands operations are fully regulated by federal, state and/or provincial laws, which, in many cases, are more rigorous than those required under the various forest practices certification schemes. It is our intent that all timberlands owned and/or managed by us will become certified under a Programme for the Endorsement of Forest Certification schemes ("PEFC"), with PEFC being a globally recognized certifier of certifiers. The standards under which our timberlands are certified all meet the standards defined by PEFC and are PEFC certified. This provides assurance to purchasers of wood and paper products that they are supporting the sustainable management of forests. We view these policies and procedures as standard best operating practices and we treat all related costs as direct business costs within each operation.

Development Activities

We are subject to local, state, provincial and federal laws and regulations concerning the protection of the environment in connection with our development properties. For instance, the environmental laws that apply to a given homebuilding site depend upon the site's location, its environmental conditions and the present and former uses of the site and its adjoining properties. Environmental laws and conditions may result in delays, or cause us to incur substantial compliance and other costs, and can prohibit or severely restrict homebuilding activity in environmentally sensitive regions or areas.

DIRECTORS AND OFFICERS

The Corporation's directors are elected annually and hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed. As of the date of this Annual Information Form, the Board has 16 directors. Particulars relating to each of the 16 directors nominated for election at the Annual Meeting of Shareholders to be held on May 5, 2010 are set out in the Circular on pages 8 to 15, which are incorporated herein by reference.

Executive and Corporate Officers of the Corporation

The names of the executive and corporate officers of the Corporation, their location of residence, their current offices and their dates of appointment are shown in the following table:

Executive and Corporate Officers

Name	*Residence*	*Current Office*	*Date of Appointment*
Jeffrey M. Blidner (a)	Ontario, Canada	Senior Managing Partner	2003
J. Bruce Flatt (a)	Ontario, Canada	Senior Managing Partner and Chief Executive Officer	2002
Joseph S. Freedman (b)	Ontario, Canada	Senior Managing Partner and Corporate Counsel	2003
Robert J. Harding (a)	Ontario, Canada	Chairman of the Board	1997
Catherine J. Johnston (b)	Ontario, Canada	Corporate Secretary and Legal Counsel	2008
Brian D. Lawson (a)	Ontario, Canada	Senior Managing Partner and Chief Financial Officer	2002
George E. Myhal (a)	Ontario, Canada	Senior Managing Partner	2003
Samuel J.B. Pollock (a)	Ontario, Canada	Senior Managing Partner	2003
Katherine C. Vyse (b)	Ontario, Canada	Senior Vice President, Investor Relations and Communications	2002

(a) Executive Officer
(b) Corporate Officer

Each of the executive and corporate officers has had the principal occupation referred to opposite his or her name during the past five years except Ms. Johnston who prior to her appointment in 2008 was Assistant Secretary and Legal Counsel of Canadian Tire Corporation, Limited.

As at March 10, 2010, the directors and executive officers of the Corporation together owned, or controlled or directed, directly or indirectly, approximately 22.9 million Class A Limited Voting Shares, representing approximately 4.0% of the Corporation's issued and outstanding shares in this series. These ownership interests do not include the pro rata interests of related directors and other executive officers held beneficially through Partners Limited and BAM Investments Corp. which totalled 31.5 million shares, representing approximately 5.5% of the Corporation's issued and outstanding Class A Limited Voting Shares at the same date. None of the Corporation's directors or executive officers own directly any of the Corporation's Class B Limited Voting Shares.

Mr. Lawson served as a director of American Resource Corporation Limited ("ARCL") until April 2005. During that time, ARCL failed to file financial statements on a timely basis, and accordingly ARCL and its directors and officers became subject to management cease trade orders imposed by the Ontario Securities Commission and other provincial securities regulatory authorities. The Corporation controls all of the voting and 99% of the non-voting shares of ARCL. ARCL has corrected the filing deficiencies that led to the management cease trade orders and has made application to the relevant provincial securities regulatory authorities to have the management cease trade orders, which are still in effect, lifted.

MARKET FOR SECURITIES

The Corporation's publicly traded securities that are currently issued and outstanding as of the date of this Annual Information Form are listed on the following exchanges under the symbols shown below:

Security	Symbol	Stock Exchange
Class A Limited Voting Shares	**BAM**	New York
	BAM.A	Toronto
	BAMA	NYSE Euronext
Class A Preference Shares		
Series 2	**BAM.PR.B**	Toronto
Series 4	**BAM.PR.C**	Toronto
Series 8	**BAM.PR.E**	Toronto
Series 9	**BAM.PR.G**	Toronto
Series 10	**BAM.PR.H**	Toronto
Series 11	**BAM.PR.I**	Toronto
Series 12	**BAM.PR.J**	Toronto
Series 13	**BAM.PR.K**	Toronto
Series 14	**BAM.PR.L**	Toronto
Series 17	**BAM.PR.M**	Toronto
Series 18	**BAM.PR.N**	Toronto
Series 21	**BAM.PR.O**	Toronto
Series 22 [(a)]	**BAM.PR.P**	Toronto
Series 24 [(b)]	**BAM.PR.R**	Toronto

(a) The Corporation's Class A Preference Shares, Series 22 were listed for trading on the TSX on June 4, 2009.
(b) The Corporation's Class A Preference Shares, Series 24 were listed for trading on the TSX on January 14, 2010.

Security information on the trading prices and volumes for each of the above securities for each month of the calendar year ended December 31, 2009 is set out in Appendix A to this Annual Information Form.

RATINGS

The credit ratings for the Corporation's securities as at the date of this Annual Information Form were as follows:

	DBRS		*Standard & Poor's*		*Moody's*		*Fitch*	
Securities of the Corporation	*Rating*	*Outlook*	*Rating*	*Outlook*	*Rating*	*Outlook*	*Rating*	*Outlook*
Commercial paper	R-1 (low)	Stable	A-1 (low)	Negative	Not rated	Not rated	Not rated	Not rated
Senior notes and debentures [(a)]	A (low)	Stable	A-	Negative	Baa2	Stable	BBB	Stable
Subordinated notes and debentures	Not rated)	Not rated	BBB	Negative	Not rated	Not rated	Not rated	Not rated
Preferred shares	Pfd-2 (low)	Stable	P-2	Negative	Not rated	Not rated	Not rated	Not rated

(a) The Corporation's senior debt is also rated by Fitch Ratings Ltd.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. Each of the Corporation's debt and preferred securities are rated by DBRS Limited ("DBRS") and by Standard & Poor's ("S&P"), and its senior notes and debentures are also rated by Moody's Investor Service ("Moody's") and Fitch Ratings Ltd. ("Fitch"). The following is a brief description of each rating agency's rating schedule.

DBRS rates commercial paper, long-term debt and preferred shares with ratings of "R-1", "AAA" and "Pfd-1", respectively, which represent the highest ratings, to "R-3", "CCC" and "Pfd -5", which represent the lowest, with "D" for issues in payment default. To show relative rankings within these rating categories, DBRS may modify them by the addition of "(high)" or "(low)".

S&P rates commercial paper, long-term credit and preferred shares with ratings of "A-1", "AAA" and "P-1", respectively, which represent the highest ratings, to "C", "CCC" and "P-5", which represent the lowest, with "D" for issues in payment default. To show relative rankings within these rating categories, S&P may modify them by the addition of a plus "(+)" or minus "(-)". DBRS and S&P further modify their ratings by indicating the stability of an assigned rating with terms such as "stable," "positive" and "negative".

Moody's rates long-term obligations with ratings of "Aaa", which represents the highest rating, to "C", which represents the lowest. To show relative rankings within these rating categories, Moody's may modify them by the addition of a "1", "2" or "3" to indicate relatively higher, middle or lower ranking.

Fitch has assigned to the Corporation's senior unsecured debt a "BBB" rating with a "Stable" outlook.

The ratings discussed above for the Corporation's debt and securities are not a recommendation to purchase, hold or sell the Corporation's debt and securities and do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings shown above will remain in effect for any given period of time or that the ratings will not be revised or withdrawn in their entirety by any or all of DBRS, S&P, Moody's or Fitch in the future if, in their judgment, circumstances so warrant.

The investment ratings of our publicly traded subsidiaries are presented in the Annual Information Forms of these subsidiaries, which are available on SEDAR at www.sedar.com.

DIVIDENDS AND DIVIDEND POLICY

Class A Limited Voting Shares and Class B Limited Voting Shares

The declaration and payment of dividends on the Corporation's Class A Limited Voting Shares and Class B Limited Voting Shares are at the discretion of the Board of Directors. Dividends on the Class A Limited Voting Shares and Class B Limited Voting Shares are paid quarterly, normally at the end of February, May, August and November of each year. The Board of Directors supports a stable and consistent dividend policy for these shares, and will consider increasing dividends from time to time at a rate based on a portion of the growth rate in cash flow from operations per share. Special dividends may also be declared from time to time to implement corporate strategic initiatives.

On February 7, 2008, the Board of Directors approved an increase to the quarterly dividend paid on its Class A Limited Voting Shares and Class B Limited Voting Shares from $0.12 to $0.13, commencing with the dividend paid on May 31, 2008.

On January 3, 2008, the Board of Directors announced a special dividend of 25 units of Brookfield Infrastructure for each Class A Limited Voting Share or Class B Limited Voting Share held at the close of business on January 14, 2008. This special dividend was distributed to the holders of Class A Limited Voting Shares and Class B Limited Voting Shares on January 31, 2008, and the Brookfield Infrastructure units commenced trading on the NYSE on that date. Fractional units were paid in February 2008 in cash at the rate of $20.5565 per unit, which was the weighted average trading price of the partnership units on the NYSE for the five trading days following the commencement of trading.

On June 1, 2007, the Corporation completed a three-for-two stock split of its Class A Limited Voting Shares by way of a special dividend of one Class A Limited Voting Share for each two Class A Limited Voting Shares or Class B Limited Voting Shares held at the close of business on May 24, 2007. Fractional shares were paid in cash at the rate of C$22.72 or $20.95 per share, being the closing price of a Class A Limited Voting Share on the TSX on May 24, 2007.

On February 8, 2007, the Board of Directors approved an increase to the quarterly dividend paid on its Class A Limited Voting Shares and Class B Limited Voting Shares from $0.16 to $0.18, expressed on a pre-split basis, commencing with the dividend paid on May 31, 2007. On a post-split basis, reflecting the three-two-stock split on June 1, 2007, this increased dividend was $0.12.

Increases to the quarterly dividends paid on the Corporation's Class A Limited Voting Shares were approved in each of the three prior years, namely an increase from $0.15 to $0.24 in February 2006, an increase from $0.14 to $0.15 in February 2005, and an increase of C$0.25 to C$0.26 in February 2004. The quarterly dividends shown for these prior years are shown as declared, that is, prior to the impact of the three-for-two stock splits in June 2004, April 2006 and June 2007.

In April 2004, the Board of Directors decided to change the declaration currency for the dividend payable on its Class A Limited Voting Shares and Class B Limited Voting Shares from Canadian to U.S. funds, commencing with the dividend paid on August 31, 2004 of $0.14 per share. Registered Canadian shareholders receive their dividends in Canadian funds, unless they elect otherwise. This declared dividend was also pro-rated to reflect the three-for-two stock split implemented in June 2004.

The Corporation has a Dividend Reinvestment Plan which enables registered holders of Class A Limited Voting Shares who are resident in Canada to receive their dividends in the form of newly issued Class A Limited Voting Shares. The price of the new shares is equal to the weighted average price at which board lots of Class A Limited Voting Shares have traded on the TSX during the five trading days immediately preceding the relevant dividend payment date. Our Dividend Reinvestment Plan allows current shareholders of the Corporation who are resident in Canada to increase their investment in the Corporation free of commissions.

Preferred Shares

The declaration and payment of dividends on the Corporation's preferred shares are at the discretion of the Board of Directors. Dividends on the Corporation's Class A Preference Shares, Series 2, 4, 5, 7, 10, 11, 12, 13, 15 17, 18, 19, 20, 21, 22 and 24 are paid quarterly, normally at the end of March, June, September and December of each year. Dividends on the Corporation's Class A Preference Shares, Series 9 are paid quarterly, normally at the beginning of February, May, August and November. Dividends on the Corporation's Class A Preference Shares, Series 8, 14 and 16 are paid monthly. Dividends on the Corporation's preferred shares are currently declared in Canadian dollars. Additional information on the dividends payable on the Corporation's currently issued and outstanding preferred shares can be found in the summary share conditions contained in Appendix B to this Annual Information Form.

The following table summarizes the dividends paid per share for each of the three years ended December 31, 2007, 2008 and 2009, on each class and series of securities of the Corporation that was outstanding at December 31, 2009, all expressed in United States dollars.

	Distribution per Security		
	2009	***2008***	***2007***
Per Class A Limited Voting Share and Class B Limited Voting Share [(a)]			
Regular	$0.52	$0.51	$0.47
Special [(b)]	—	0.94	—
Per Class A Preferred Share [(c)]			
Series 2	0.39	0.83	0.99
Series 4 + Series 7	0.39	0.83	0.99
Series 5	0.36	0.77	0.92
Series 8	0.56	1.18	1.10
Series 9	0.96	1.02	1.01
Series 10	1.26	1.35	1.34
Series 11	1.21	1.29	1.28
Series 12	1.19	1.27	1.26
Series 13	0.39	0.83	0.99
Series 14	1.47	3.06	3.57
Series 15	0.25	0.99	1.15
Series 16	0.56	1.17	1.08
Series 17 [(d)]	1.04	1.12	1.11
Series 18 [(e)]	1.04	1.12	0.71
Series 19 [(f)]	0.79	0.86	—
Series 20 [(f)]	0.79	0.86	—
Series 21 [(g)]	1.10	0.58	—
Series 22 [(h)]	0.92	—	—
Series 24 [(i)]	—	—	—

(a) Dividend amounts per Class A Limited Voting Share and Class B Limited Voting Share for 2007 have been adjusted retroactively to show the impact of the three-for-two share split on June 1, 2007.

(b) This represents the special dividend of units of Brookfield Infrastructure Partners L.P. distributed on January 31, 2008.

(c) The dividends on these preferred shares are declared in Canadian funds. All Canadian dollar dividends for 2008 have been converted to United States dollars using the average quarterly exchange rates, and for the preceding years using the average annual exchange rates.

(d) These shares were issued on November 20, 2006. The dividends paid in 2006 were for the initial period from the date of issue.

(e) These shares were issued on May 9, 2007. The dividends paid in 2007 were for the period from the date of issue.

(f) These shares were issued on December 20, 2007.

(g) These shares were issued on June 25, 2008. The dividends paid in 2008 were for the period from the date of issue.

(h) These shares were issued on June 4, 2009. The dividends paid in 2009 were for the period from the date of issue.

(i) These shares were issued on January 14, 2010.

The Corporation's Class A Preference Shares, Series 17 were issued on November 20, 2006. The Corporation commenced paying dividends on this series of shares on December 31, 2006.

The Corporation's Class A Preference Shares, Series 18 were issued on May 9, 2007. The Corporation commenced paying dividends on this series of shares on June 30, 2007.

The Corporation's Class A Preference Shares, Series 19 and 20, were issued on December 20, 2007. The Corporation commenced paying dividends on this series of shares on March 31, 2008.

The Corporation's Class A Preference Shares, Series 21, were issued on June 25, 2008. The Corporation commenced paying dividends on this series of shares on September 30, 2008.

The Corporation's Class A Preference Shares, Series 22, were issued on June 4, 2009. The Corporation commenced paying dividends on this series of shares on September 30, 2009.

The Corporation's Class A Preference Shares, Series 24, were issued on January 14, 2010. The Corporation will commence paying dividends on this series of shares on March 31, 2010.

The Corporation redeemed its 8.30% preferred securities due December 31, 2051 on January 2, 2007; its 8.35% preferred securities due December 31, 2050 on January 2, 2007; and its Class A Preference Shares, Series 3 on November 8, 2005.

Information relating to the dividends and dividend policies of the Corporation's publicly traded subsidiaries can be found in the Annual Information Forms of these subsidiaries, which are available on SEDAR at www.sedar.com.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the components of the Corporation's share capital. Additional summary information on the terms and conditions attached to or affecting each class of the Corporation's authorized securities is contained in Appendix B to this Annual Information Form. Reference should also be made to the articles of the Corporation for a complete description of all terms and conditions of our share capital. These articles can be found on our web site www.brookfield.com at Corporate Info/Articles & By-laws and are filed on SEDAR at www.sedar.com.

The Corporation's authorized share capital consists of:

a) an unlimited number of preference shares designated as Class A Preference Shares, issuable in series:

- the first series, which consists of 23,391 Class A Preference Shares, Series 1;
- the second series, which consists of 10,465,100 Class A Preference Shares, Series 2;
- the third series, which consists of 2,000 Class A Preference Shares, Series 3;
- the fourth series, which consists of 4,000,000 Class A Preference Shares, Series 4;
- the fifth series, which consists of 2,600,000 Class A Preference Shares, Series 5;
- the sixth series, which consists of 111,633 Class A Preference Shares, Series 6;
- the seventh series, which consists of 4,000,000 Class A Preference Shares, Series 7;

- the eighth series, which consists of 8,000,000 Class A Preference Shares, Series 8;
- the ninth series, which consists of 8,000,000 Class A Preference Shares, Series 9;
- the tenth series, which consists of 10,000,000 Class A Preference Shares, Series 10;
- the eleventh series, which consists of 31,500,000 Class A Preference Shares, Series 11;
- the twelfth series, which consists of 8,000,000 Class A Preference Shares, Series 12;
- the thirteenth series, which consists of 9,999,000 Class A Preference Shares, Series 13;
- the fourteenth series, which consists of 665,000 Class A Preference Shares, Series 14;
- the fifteenth series, which consists of 4,000,000 Class A Preference Shares, Series 15;
- the sixteenth series, which consists of 7,835,200 Class A Preference Shares, Series 16;
- the seventeenth series, which consists of 8,000,000 Class A Preference Shares, Series 17;
- the eighteenth series, which consists of 8,000,000 Class A Preference Shares, Series 18;
- the nineteenth series, which consists of 13,700,000 Class A Preference Shares, Series 19;
- the twentieth series, which consists of 13,513,510 Class A Preference Shares, Series 20;
- the twenty-first series, which consists of 6,000,000 Class A Preference Shares, Series 21;
- the twenty-second series, which consists of 12,000,000 Class A Preference Shares, Series 22; and
- the twenty-fourth series, which consists of 11,000,000 Class A Preference Shares, Series 24.

b) an unlimited number of preference shares designated as Class AA Preference Shares, issuable in series, of which no series have been created or issued;

c) an unlimited number of Class A Limited Voting Shares; and

d) 85,120 Class B Limited Voting Shares.

As at February 26, 2010, the following shares of the Corporation were issued and outstanding: nil Class A Preference Shares, Series 1; 10,465,100 Class A Preference Shares, Series 2; nil Class A Preference Shares, Series 3; 4,000,000 Class A Preference Shares, Series 4; 2,600,000 Class A Preference Shares, Series 5; nil Class A Preference Shares, Series 6; 4,000,000 Class A Preference Shares, Series 7; 1,805,948 Class A Preference Shares, Series 8; 6,194,052 Class A Preference Shares, Series 9; 10,000,000 Class A Preference Shares, Series 10; 4,032,401 Class A Preference Shares, Series 11; 7,000,000 Class A Preference Shares, Series 12; 9,999,000 Class A Preference Shares, Series 13; 665,000 Class A Preference Shares, Series 14; 4,000,000 Class A Preference Shares, Series 15; 7,810,200 Class A Preference Shares, Series 16; 8,000,000 Class A Preference Shares, Series 17; 8,000,000 Class A Preference Shares, Series 18; 13,700,000 Class A Preference Shares, Series 19; 13,513,510 Class A Preference Shares, Series 20; 6,000,000 Class A Preference Shares, Series 21; 12,000,000 Class A Preference Shares, Series 22; 11,000,000 Class A Preference Shares, Series 24; nil Class AA Preference Shares; 573,408,390 Class A Limited Voting Shares; and 85,120 Class B Limited Voting Shares.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation is CIBC Mellon Trust Company at its principal office in Toronto, Ontario, Canada. CIBC Mellon Trust Company maintains registers for the transfer of the Corporation's public securities at its offices in Toronto, Ontario, in Montreal, Quebec and in Vancouver, British Columbia in Canada and through BNY Mellon Shareowner Services LLC in Jersey City, New Jersey in the U.S.A.

MATERIAL CONTRACTS

The following is the only material contract, other than contracts entered into in the ordinary course of business, which has been entered into by the Corporation or any of its subsidiaries or their predecessors within the most recently completed financial year, or was entered into before the most recently completed financial year and is still in effect, or which is proposed to be entered into:

- The Trust Agreement referred to under “Principal Holders of Voting Shares” in the Corporation’s Circular on page 5.

A copy of this document has been filed on SEDAR as a material contract and is available at www.sedar.com.

INTERESTS OF EXPERTS

Deloitte & Touche LLP, the Corporation’s external auditor, is independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

Responsibilities of the Audit Committee

The Corporation’s board of directors has established an Audit Committee with the responsibility for monitoring the Corporation’s systems and procedures for financial reporting, risk management and internal controls, for reviewing all public disclosure documents containing financial information, and for monitoring the performance of the Corporation’s external and internal auditors. The responsibilities of the Audit Committee are set out in a written charter, which is reviewed and approved annually by the board of directors. The current Charter of the Audit Committee was reviewed and confirmed by the board on February 17, 2010 and is set out in full in Appendix C to this Annual information Form.

Composition of the Audit Committee

As at the date of this Annual Information Form, the Audit Committee is comprised of the following four directors: Marcel R. Coutu, who is the Committee’s chairman; Jack M. Mintz; Patricia M. Newson; and George S. Taylor. The Corporation’s board of directors has determined that all of these directors are independent and financially literate, and that Mr. Coutu, Ms. Newson and Mr. Taylor each qualify as an “audit committee financial expert”. Mr. Coutu has a Masters Degree in Business Administration and over 15 years' experience in investment banking and corporate finance. He is currently President and Chief Executive Officer of Canadian Oil Sands Limited. Ms. Newson is a Chartered Accountant with over 25 years’ experience in finance in the energy and utility industries. She is currently President and Chief Executive Officer of AltaGas Utility Group Inc. and the former Senior Vice-President Finance and Chief Financial Officer of AltaGas Income Trust. Mr. Taylor is a Certified Management Accountant and has extensive financial and senior management experience with a public company as an executive of John Labatt Limited from 1977 to 1995. He has served as an audit committee member and audit committee chairman for a number of public companies and non-profit organizations during his business career. Mr. Mintz has had an extensive academic career in business economics and taxation and has served on the boards and audit committees of several public companies and non-profit organizations.

Additional information on the members of the Audit Committee is contained in the Circular.

Principal Accountant Fees and Services

Deloitte and Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively "Deloitte & Touche") are the principal external auditors of the Corporation and its consolidated reporting issuer subsidiaries. The following table provides information about the aggregate fees billed to the Corporation and its consolidated subsidiaries for professional services rendered by Deloitte & Touche during 2009 and 2008:

	2009			2008		
YEARS ENDED DECEMBER 31 (MILLIONS)	Brookfield	Subsidiaries of Brookfield	Total	Brookfield	Subsidiaries of Brookfield	Total
Audit fees	$ 3.5	$ 19.4	$ 22.9	$ 4.0	$ 15.3	$ 19.3
Audit-related fees	0.8	6.1	6.9	0.1	8.4	8.5
Tax fees	—	0.5	0.5	0.1	0.7	0.8
All other fees	0.1	0.5	0.6	0.2	0.3	0.5
Total	$ 4.4	$ 26.5	$ 30.9	$ 4.4	$ 24.7	$ 29.1

Audit Fees. Audit fees include fees for services that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with generally accepted auditing standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit-Related Fees. Audit-related fees are for assurance and related services, such as due diligence services, that traditionally are performed by the external auditor. More specifically, these services include, among others: assistance in preparing for the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, attest services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.

Tax Fees. Tax fees are principally for assistance in tax return preparation and tax advisory services.

All Other Fees. All other fees include fees for translation, litigation and advisory support services.

Pre-Approval Policies and Procedures

The Audit Committee of the Corporation's board of directors has adopted a policy regarding the provision of services by its external auditors, currently Deloitte & Touche. This policy requires audit committee pre-approval of all permitted audit, audit-related and non-audit services. It also specifies a number of services that may not be provided by the Corporation's external auditors, including all services prohibited by law from being provided by the external auditors.

Under the policy, all permitted services to be provided by the external auditors must be pre-approved by the Audit Committee or a designated member of the Audit Committee. Any pre-approval granted by a designated member must be reported to the Audit Committee at its next scheduled meeting. The pre-approval of services may be given at any time up to a year before commencement of the specified service.

The Audit Committee may delegate its pre-approval authority and responsibility to the audit committee of any consolidated subsidiary of the Corporation in respect of services to be provided to such subsidiary, provided that such subsidiary's audit committee members are independent from the Corporation and its management, such subsidiary adopts pre-approval policies and procedures that are substantially similar to those of the Corporation, and such subsidiary's audit committee makes certain reports to the Corporation's audit committee.

Subject to the above mentioned policy, the Audit Committee may establish fee thresholds for a group of pre-approved services, provided that such fees will, when combined with all such fees that have not been specifically approved by the audit committee, aggregate less than 25% of the anticipated audit fees for the Corporation and its subsidiaries for the same year. In such cases, the description of services must be sufficiently detailed as to the particular services to be provided to ensure that (i) the Audit Committee knows precisely what services it is being asked to pre-approve and (ii) the Audit Committee's responsibilities are not delegated to management. All such services will be ratified at the next scheduled meeting of the Audit Committee, and upon such ratification will no longer be included in determining the aggregate fees covered by this limited approval.

Of the fees reported in this Annual Information Form under the heading “Principal Accountant Fees and Services”, none of the fees billed by Deloitte & Touche were approved by the Audit Committee of the board of directors of the Corporation pursuant to the de minimis exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including information as to directors’ and executive officers’ remuneration and indebtedness, the principal holders of the Corporation’s securities and securities authorized for issuance under equity compensation plans, is set out in the Corporation’s Circular.

Additional financial information on the Corporation is provided in our Financial Statements and in our Management’s Discussion and Analysis for the most recently completed financial year, which are contained in our 2009 Annual Report.

The Corporation’s most recent Management Information Circular and Annual Report, as well as other information on the Corporation, may be found on our web site www.brookfield.com and on SEDAR at www.sedar.com.

APPENDIX A

TRADING INFORMATION FOR THE CORPORATION'S PUBLICLY-LISTED SECURITIES

The following sets out trading information for 2009 for the Corporation's publicly traded securities outstanding as at December 31, 2009, all of which are listed on the Toronto Stock Exchange ("TSX"), based on information provided by the TSX and, in the case of the Corporation's Class A Limited Voting Shares, information provided by the New York Stock Exchange ("NYSE") and NYSE Euronext.

Class A Limited Voting Shares (TSX: BAM.A)

	Price Per Share			
Period	*High*	*Low*	*Average*	*Volume Traded [(a)]*
2009	*C$*	*C$*	*C$*	*#*
December	23.41	22.30	22.85	684,671
November	23.20	22.06	22.44	674,155
October	24.80	22.50	23.72	762,749
September	25.68	22.41	24.15	924,263
August	22.80	21.55	22.19	874,533
July	22.63	18.12	19.91	1,143,804
June	20.66	19.24	19.79	1,312,652
May	21.22	17.86	19.82	1,235,637
April	19.40	17.38	18.38	906,434
March	18.15	14.87	16.66	1,009,761
February	19.90	16.65	18.42	1,000,749
January	21.56	18.71	20.01	1,260,802

(a) Volume traded refers to volume traded on TSX only.

Class A Limited Voting Shares (NYSE: BAM)

	Price Per Share			
Period	*High*	*Low*	*Average*	*Volume Traded [(a)]*
2009	*US$*	*US$*	*US$*	*#*
December	22.38	21.08	21.67	219,159
November	21.68	20.60	21.17	322,055
October	23.53	20.90	22.48	379,495
September	24.06	20.31	22.33	426,724
August	21.46	19.43	20.43	448,562
July	21.04	15.49	17.78	412,318
June	18.73	16.93	17.58	448,900
May	18.42	15.07	17.24	541,960
April	15.95	14.00	15.00	478,024
March	14.54	11.55	13.24	569,082
February	16.38	13.34	14.80	622,221
January	18.09	14.77	16.42	719,555

(a) Volume traded refers to volume traded on NYSE only.

Class A Limited Voting Shares (NYSE Euronext: BAMA)

There was no trading activity of the Corporation's Class A Limited Voting Shares on the NYSE Euronext during 2009.

Class A Preference Shares, Series 2 (TSX: BAM.PR.B)

	Price Per Share			
Period	*High*	*Low*	*Average*	*Volume Traded*
2009	*C$*	*C$*	*C$*	*#*
December	14.48	12.92	13.42	2,557,429
November	13.47	12.50	13.02	2,438,559
October	13.44	12.53	12.99	2,325,774
September	13.59	12.35	12.90	2,200,034
August	12.79	10.60	12.10	1,772,215
July	10.88	9.86	10.37	1,938,027
June	12.40	10.82	11.70	1,684,223
May	12.00	8.71	10.00	1,488,143
April	8.95	7.75	8.59	1,220,547
March	8.99	6.90	7.59	1,067,558
February	8.50	7.49	7.91	916,009
January	11.00	7.60	9.01	692,158

Class A Preference Shares, Series 4 (TSX: BAM.PR.C)

	Price Per Share			
Period	*High*	*Low*	*Average*	*Volume Traded*
2009	*C$*	*C$*	*C$*	*#*
December	14.20	12.75	13.25	1,036,828
November	13.60	12.51	12.92	930,980
October	13.25	12.55	12.96	801,324
September	13.75	12.21	12.82	686,659
August	13.00	10.25	12.07	642,976
July	10.93	10.00	10.37	698,906
June	12.49	10.25	11.76	582,599
May	12.00	8.80	9.97	505,940
April	9.45	7.62	8.58	440,741
March	8.60	7.00	7.88	412,876
February	9.00	7.62	8.28	355,669
January	12.52	7.50	9.53	160,425

Class A Preference Shares, Series 8 (TSX: BAM.PR.E)

Period	Price Per Share			Volume Traded
	High	Low	Average	
2008	C$	C$	C$	#
December	17.60	16.15	16.71	248,666
November	16.66	15.12	15.84	255,051
October	17.40	15.74	16.67	237,467
September	17.51	16.63	17.14	210,208
August	16.50	14.28	15.55	206,083
July	15.50	14.20	14.70	266,045
June	15.01	12.84	14.12	249,851
May	13.10	11.20	12.04	217,523
April	11.25	9.75	10.47	170,673
March	10.25	8.80	9.33	107,323
February	10.50	9.75	10.26	98,732
January	11.70	9.48	10.37	83,007

Class A Preference Shares, Series 9 (TSX: BAM.PR.G)

Period	Price Per Share			Volume Traded
	High	Low	Average	
2009	C$	C$	C$	#
December	19.50	17.96	18.80	479,691
November	18.99	16.50	17.66	499,518
October	19.12	16.00	18.04	587,646
September	19.50	18.75	18.95	576,761
August	19.30	15.40	17.59	580,866
July	15.99	14.50	15.22	500,151
June	16.50	15.01	15.56	427,686
May	16.40	12.51	14.44	359,685
April	12.89	11.22	12.03	291,686
March	11.30	10.25	10.93	160,196
February	11.80	11.00	11.24	125,321
January	12.80	9.00	11.66	81,188

Class A Preference Shares, Series 10 (TSX: BAM.PR.H)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
December	26.32	25.80	26.03	1,092,929
November	26.20	25.65	25.87	1,745,130
October	26.00	25.50	25.83	1,885,832
September	26.00	25.50	25.88	1,887,802
August	27.40	25.31	25.89	1,928,949
July	25.90	24.99	25.41	2,183,133
June	25.75	24.60	25.14	2,265,471
May	24.90	24.06	24.41	1,817,332
April	24.48	23.50	24.05	1,134,927
March	24.00	22.29	23.34	876,390
February	24.00	21.85	22.94	743,233
January	23.72	20.10	21.90	462,955

Class A Preference Shares, Series 11 (TSX: BAM.PR.I)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
December	26.83	25.70	26.14	500,095
November	26.36	25.80	26.16	494,958
October	26.80	25.50	25.83	525,939
September	26.50	25.50	25.88	559,495
August	26.74	25.50	25.84	574,181
July	25.69	24.55	25.08	665,407
June	25.25	24.10	24.54	473,649
May	24.84	23.95	24.28	416,391
April	24.55	22.35	23.63	337,707
March	22.69	21.25	21.89	272,602
February	22.74	20.50	21.66	204,079
January	22.50	19.90	21.18	147,836

Class A Preference Shares, Series 12 (TSX: BAM.PR.J)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
December	27.40	25.85	26.60	1,235,794
November	27.27	24.80	26.12	1,180,579
October	25.84	24.66	25.23	1,243,690
September	26.25	25.09	25.59	1,235,309
August	25.75	23.26	24.99	1,156,081
July	23.60	21.25	22.48	1,026,896
June	23.49	21.45	22.15	784,002
May	22.30	20.80	21.69	835,697
April	22.10	18.04	20.52	525,478
March	18.89	17.20	18.06	391,378
February	18.99	17.59	18.47	277,906
January	19.50	15.80	17.58	178,201

Class A Preference Shares, Series 13 (TSX: BAM.PR.K)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
December	13.92	12.77	13.20	1,781,220
November	13.24	12.52	12.88	1,634,910
October	13.36	12.51	13.00	1,845,122
September	13.40	12.30	12.88	1,710,631
August	12.70	10.68	12.04	1,261,939
July	10.90	10.00	10.42	1,641,202
June	12.21	10.55	11.73	1,476,812
May	11.70	8.75	9.94	1,278,364
April	9.00	7.55	8.39	1,037,977
March	7.72	7.00	7.42	727,974
February	8.25	7.49	7.78	561,839
January	11.93	7.36	9.02	262,960

Class A Preference Shares, Series 14 (TSX: BAM.PR.L)

There were no trades of the Corporation's Class A Preference Shares, Series 14 during 2009.

Class A Preference Shares, Series 17 (TSX: BAM.PR.M)

		Price Per Share			
2009	Period	*High* C$	*Low* C$	*Average* C$	*Volume Traded* #
	December	18.03	17.35	17.68	1,535,351
	November	18.21	17.61	17.88	1,574,021
	October	18.43	17.61	18.06	1,491,792
	September	18.80	18.20	18.49	1,373,937
	August	19.70	16.49	18.21	1,279,685
	July	16.71	15.39	16.01	1,187,353
	June	16.33	14.70	15.69	1,088,572
	May	15.55	14.25	14.85	842,288
	April	14.66	13.30	14.15	631,065
	March	13.76	12.11	12.80	510,483
	February	13.20	12.26	12.72	356,208
	January	13.23	10.40	12.31	228,985

Class A Preference Shares, Series 18 (TSX: BAM.PR.N)

		Price Per Share			
2009	Period	*High* C$	*Low* C$	*Average* C$	*Volume Traded* #
	December	17.75	17.36	17.59	2,322,906
	November	17.96	17.41	17.65	2,278,415
	October	18.22	17.30	17.82	2,200,912
	September	18.59	17.90	18.29	2,022,288
	August	19.10	16.40	18.08	1,740,037
	July	16.54	15.27	15.87	1,602,867
	June	16.04	14.67	15.56	1,420,215
	May	15.35	14.22	14.75	1,132,318
	April	14.50	13.16	14.08	873.648
	March	13.64	12.30	12.81	633,420
	February	13.08	12.38	12.68	490,097
	January	13.19	10.49	12.24	341,767

Class A Preference Shares, Series 21 (TSX: BAM.PR.O)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
December	26.78	25.55	26.18	1,677,640
November	26.50	25.05	25.96	1,694,225
October	26.32	25.10	25.42	1,638,780
September	26.59	25.00	25.50	1,607,594
August	25.99	24.51	25.11	1,467,748
July	25.25	23.05	24.25	1,637,501
June	24.49	23.00	23.64	1,388,147
May	24.16	22.75	23.57	1,192,705
April	24.90	21.60	22.58	998,276
March	22.48	20.00	21.34	866,814
February	21.96	19.00	20.90	732,600
January	19.90	17.30	18.57	562,063

Class A Preference Shares, Series 22 (TSX: BAM.PR.P)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
December	27.46	26.95	27.27	3,968,840
November	27.49	26.50	27.15	4,670,067
October	27.30	26.50	26.86	4,431,855
September	27.00	26.38	26.69	3,997,785
August	27.73	26.00	27.02	3,465,561
July	27.30	25.50	26.39	3,132,290
June [(a)]	25.75	25.05	25.50	2,583,776

(a) The Corporation's Class A Preference Shares, Series 22 commenced trading on the TSX on June 4, 2009.

Class A Preference Shares, Series 24 (TSX: BAM.PR.R)

2009 Period	Price Per Share High C$	Low C$	Average C$	Volume Traded #
February	25.70	25.35	25.49	300,026
January [(a)]	25.69	24.00	25.43	1,526,671

(a) The Corporation's Class A Preference Shares, Series 24 commenced trading on the TSX on January 14, 2010.

APPENDIX B

SUMMARY OF TERMS AND CONDITIONS OF THE CORPORATION'S AUTHORIZED SECURITIES

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CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES AS A CLASS

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

Series

The Class A Preference Shares may be issued from time to time in one or more series. The board of directors of the Corporation will fix the number of shares in each series and the provisions attached to each series before issue.

Priority

The Class A Preference Shares rank senior to the Class AA Preference Shares, the Class A Limited Voting Shares, the Class B Limited Voting Shares and other shares ranking junior to the Class A Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs. Each series of Class A Preference Shares ranks on a parity with every other series of Class A Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

Shareholder Approvals

The Corporation shall not delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Preference Shares as a class or create preference shares ranking in priority to or on parity with the Class A Preference Shares except by special resolution passed by at least 66 2/3% of the votes cast at a meeting of the holders of the Class A Preference Shares duly called for that purpose, in accordance with the provisions of the articles of the Corporation.

Each holder of Class A Preference Shares entitled to vote at a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, has one vote in respect of each C$25.00 of the issue price of each Class A Preference Share held by such holder.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 1 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 1 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year, in an amount per share equal to C$25.00 multiplied by one-quarter of 65% of the average “Prime Rate” (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 1 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Retraction

Subject to the restrictions imposed by applicable law, each of the Class A Preference Shares, Series 1 is retractable by the holder on any January 1, April 1, July 1 and October 1 at a price of C$25.00 per share together with all accrued and unpaid dividends to the applicable retraction date. Notice of retraction must be given by the holder to the transfer agent at least 15 days prior to the date fixed for retraction.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 1 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Conversion

The holders of the Class A Preference Shares, Series 1 have the right at any time and from time to time, but effective on the next following January 1, April 1, July 1 or October 1 to convert any or all of the Class A Preference Shares, Series 1 held by them into Class A Preference Shares, Series 2 of the Corporation, on a one-for-one basis. Notice of conversion must be given by the holder to the transfer agent at least 15 days prior to the next following conversion date.

Voting

At any time dividends have not been paid for two years on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 or Class A Preference Shares, Series 3 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 are paid, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 shall be entitled to receive notice of and to attend all meetings of shareholders and to one vote in respect of each Class A Preference Share, Series 1, Class A Preference Share, Series 2 and Class A Preference Share, Series 3 held and in addition shall be entitled to elect two members of the board of directors of Brascan if the board consists of seven or fewer directors or three members of the board of directors if the board consists of more than seven directors; subject to the foregoing, when entitled to vote in the election of directors, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 1 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 1:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 1) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 1;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 1, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 1;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation from time to time issued, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 1; or

(d) redeem or call for redemption, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 1;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 1 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 1 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 1 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 1. Upon such payment, the holders of Class A Preference Shares, Series 1 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 2 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 2 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one-quarter of 70% of the average “Prime Rate” (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 2 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but

excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 2 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Voting

At any time dividends have not been paid for two years on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 or Class A Preference Shares, Series 3 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 are paid, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 shall be entitled to receive notice of and to attend all meetings of shareholders and to one vote in respect of each Class A Preference Share, Series 1, Class A Preference Share, Series 2 and Class A Preference Share, Series 3 held and in addition shall be entitled to elect two members of the board of directors of the Corporation if the board consists of seven or fewer directors or three members of the board of directors if the board consists of more than seven directors; subject to the foregoing, when entitled to vote in the election of directors, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 2 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 2:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 2) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 2;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 2, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 2;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation from time to time issued, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 2; or

(d) redeem or call for redemption, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 2;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 2 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 2 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 2 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 2. Upon such payment, the holders of Class A Preference Shares, Series 2 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 3 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 3 are entitled to receive cumulative preferential cash dividends, accruing from the date of issue, as and when declared by the board of directors, on the Thursday following the second Wednesday of each month in each year in an amount equal to the product of (a) C$100,000, (b) a dividend rate determined by an auction of Class A Preference Shares, Series 3 conducted on the business day next preceding the commencement of each dividend period, and (c) the number of days in the dividend period, all divided by 365. The dividend rate is subject to a maximum dividend rate equal to the Bankers' Acceptance Rate (as defined in the share conditions) in effect on the business day next preceding the commencement of the dividend period plus 0.40% and provided that if the Corporation fails to pay a dividend on the Class A Preference Shares, Series 3 (whether or not declared) or fails to redeem any Class A Preference Shares, Series 3 after giving notice to do so, dividends become payable at the said maximum dividend rate.

Redemption

Each of the Class A Preference Shares, Series 3 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$100,000 per share, provided that the Corporation may not redeem such shares unless the board of directors shall have declared a dividend on the Class A Preference Shares, Series 3 equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 10 days prior to the date fixed for redemption.

Voting

At any time dividends have not been paid for two years on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 or Class A Preference Shares, Series 3 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 are paid, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 shall be entitled to receive notice of and to attend all meetings of shareholders and to one vote in respect of each Class A Preference Share, Series 1, Class A Preference Share, Series 2 and Class A Preference Share, Series 3 held and in addition shall be entitled to elect two members of the board of directors of the Corporation if the board consists of seven or fewer directors or three members of the board of directors if the board consists of more than seven directors; subject to the foregoing, when entitled to vote in the election of directors, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 3 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 3:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 3) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 3;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 3, redeem or call for redemption, purchase or otherwise pay off or retire any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 3;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of Class A Preference Shares of the Corporation, redeem or call for redemption, purchase or otherwise pay off or retire any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 3; or

(d) redeem or call for redemption, purchase or otherwise retire for value less than all of the Class A Preference Shares, Series 3;

unless, in each such case, all dividends then payable on the Class A Preference Shares, Series 3 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 3 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall be payable, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 3 will be entitled to payment of an amount equal to C$100,000 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 3. Upon such payment, the holders of Class A Preference Shares, Series 3 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 4 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 4 are entitled to receive cumulative preferential cash dividends, accruing daily from the date of issue, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one-quarter of 70% of the "Average Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 4 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to the date of redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 4 in the open market or by invitation for tenders at a price not exceeding C$25.00 plus accrued and unpaid dividends and costs of purchase.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 4 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 4 are paid, the holders of Class A Preference Shares, Series 4 shall be entitled to receive notice of and to attend all meetings of shareholders at which directors are to be elected and to one vote in respect of each Class A Preference Share, Series 4 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid and as provided by law, the holders of Class A Preference Shares, Series 4 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 4:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 4) on shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 4;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 4, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 4;

(c) call for redemption, redeem, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 4; or

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 4;

unless, in each such case, all dividends then payable for the Class A Preference Shares, Series 4 then outstanding and on all other shares of the Corporation ranking as to dividends on parity with the Class A Preference Shares, Series 4 accrued up to and

including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 4 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares ranking junior as to capital to the Class A Preference Shares, Series 4. Upon such payment, the holders of Class A Preference Shares, Series 4 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 5 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 5 are entitled to receive cumulative preferential cash dividends, accruing daily from the date of issue, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one-quarter of 65% of the "Average Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 5 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to the date of redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 5 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Retraction

Subject to the restrictions imposed by applicable law, each of the Class A Preference Shares, Series 5 is retractable by the holder on any March 1, June 1, September 1 and December 1 at a price of C$25.00 together with all accrued and unpaid dividends thereon to but excluding the date of retraction. Notice of retraction must be given by the holder to the transfer agent at least 15 days prior to the date fixed for retraction.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 5 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 5 are paid, the holders of Class A Preference Shares, Series 5 shall be entitled to receive notice of and to attend all meetings of shareholders at which directors are to be elected and to one vote in respect of each Class A Preference Share, Series 5 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid and as permitted by law, the holders of Class A Preference Shares, Series 5 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 5:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 5) on shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 5;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 5, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 5;

(c) call for redemption, redeem, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 5; or

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares from time to time issued, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 5;

unless, in each such case, all dividends then payable on the Class A Preference Shares, Series 5 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 5 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Creation or Issue of Additional Shares

The Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 5, create or issue any shares ranking as to capital or dividends prior to or on a parity with the Class A Preference Shares, Series 5, provided that the Corporation may without such approval issue additional series of Class A Preference Shares if all dividends then payable on the Class A Preference Shares, Series 5 then outstanding and on all other shares of the Corporation ranking as to dividends prior to or on a parity with the Class A Preference Shares, Series 5 shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 5 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares ranking junior as to capital to the Class A Preference Shares, Series 5. Upon such payment, the holders of Class A Preference Shares, Series 5 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 6 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 6 are entitled to receive fixed cumulative preferential cash dividends, accruing daily from the date of issue, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an aggregate annual amount equal to C$1.875 per share, being a rate of 7 1/2% per annum on the price of C$25.00 per share.

Redemption

Each of the Class A Preference Shares, Series 6 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to the date of redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to but excluding the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 6 through the facilities of a stock exchange on which the Class A Preference Shares, Series 6 are listed, or in any other manner, at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 6 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 6 are paid, the holders of Class A Preference Shares, Series 6 shall be entitled to receive notice of and to attend all annual and other general meetings of shareholders, but shall not be entitled to vote thereat except in the election of directors in which case the holders of Class A Preference Shares, Series 6 shall be entitled to one vote in respect of each Class A Preference Share, Series 6 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 6 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 6:

(a) declare, pay or set apart for payment any dividends on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 6 (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 6);

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 6, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 6;

(c) redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of less than all of the Class A Preference Shares, Series 6;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching thereto, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 6; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 6;

unless at the date of such declaration, payment, setting apart for payment, redemption, call for redemption, purchase or reduction, return of capital or issuance, as the case may be, all accrued and unpaid cumulative dividends up to and including the dividend payment for the last completed period for which such dividends shall be payable, shall have been declared and paid or set apart for payment on the Class A Preference Shares, Series 6 and any accrued and unpaid cumulative dividends which have become payable and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment on all other shares ranking as to dividends prior to or on a parity with the Class A Preference Shares, Series 6. The Corporation will not, without the prior approval of the holders of Class A Preference Shares, Series 6 issue any shares ranking as to dividends or capital prior to the Class A Preference Shares, Series 6.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 6 will be entitled to payment of an aggregate amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares of the Corporation ranking junior as to capital to the Class A Preference Shares, Series 6. Upon such payment, the holders of Class A Preference Shares, Series 6 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 7 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 7 are entitled to receive fixed cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to 8 1/2% per annum applied to the price of C$25.00 per share.

Redemption

Each of the Class A Preference Shares, Series 7 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 7 through the facilities of a stock exchange on which the Class A Preference Shares, Series 7 are listed, or in any other manner, at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Right to Exchange

The holders of the Class A Preference Shares, Series 7 shall have the right ("Exchange Right"), on each date on which a closing (a "Closing") occurs of:

(a) a distribution (a "Public Offering") by the Corporation of its Class A Limited Voting Shares pursuant to a prospectus or other similar document ("prospectus") filed with any appropriate securities regulatory agency or stock exchange;

(b) a rights offering (a "Rights Offering") by the Corporation; or

(c) a private placement (a "Private Placement") by the Corporation;

to exchange Class A Preference Shares, Series 7 held by them for up to a certain maximum aggregate number of Class A Limited Voting Shares at an exchange rate per Class A Preference Share, Series 7 which is A divided by B, where A is the price per Class A Limited Voting Share which would have been payable by the holder exercising the exchange right to acquire Class A Limited Voting Shares in connection with the Public Offering, Rights Offering or Private Placement and B is C$25.00.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 7 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 7 are paid, the holders of Class A Preference Shares, Series 7 shall be entitled to receive notice of and to attend all annual and other general meetings of shareholders, but shall not be entitled to vote thereat except in the election of directors in which case the holders of Class A Preference Shares, Series 7 shall be entitled and to one vote in respect of each Class A Preference Share, Series 7 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid, the holders of Class A Preference Shares, Series 7 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 7:

(a) declare, pay or set apart for payment any dividends on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 7 (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 7);

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 7, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 7;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching thereto, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 7; or

(d) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 7;

unless at the date of such declaration, payment, setting apart for payment, redemption, call for redemption, purchase or reduction, return of capital or issuance, as the case may be, all accrued and unpaid cumulative dividends up to and including the dividend payment for the last completed period for which such dividends shall be payable, shall have been declared and paid or set apart for payment on the Class A Preference Shares, Series 7 and any accrued and unpaid cumulative dividends which have become payable and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment on all other shares ranking as to dividends prior to or on a parity with the Class A Preference Shares, Series 7.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 7 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares ranking junior as to capital to the Class A Preference Shares, Series 7. Upon such payment, the holders of Class A Preference Shares, Series 7 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 8 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 8 are entitled to receive fixed cumulative preferential cash dividends, accruing daily from the date of issue, to and including October 31, 2001 (the "Fixed Rate Period"), as and when declared by the board of directors, payable quarterly on the first day of February, May, August and November in each year in an amount per share equal to 6.25% per annum applied to the price of C$25.00 per share, and thereafter so long as any of the Class A Preference Shares, Series 8 shall be outstanding (the "Floating Rate Period") are entitled to receive monthly floating cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors on the 12th day of each month in an amount per share equal to the product of C$25.00 per share and one-twelfth of an annual floating dividend rate equal to between 50% and 100% of the Prime Rate, as provided in the share conditions.

Redemption

The Class A Preference Shares, Series 8 are not redeemable by the Corporation prior to November 1, 2001. Subject to applicable law and certain restrictions and to the rights, privileges, restrictions and conditions attaching to other shares of the Corporation, all, but not less than all, of the Class A Preference Shares, Series 8 are redeemable at the option of the Corporation on November 1, 2001 at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date of redemption and after November 1, 2001 at a redemption price of C$25.50 per share together with all accrued and unpaid dividends thereon up to but excluding the date of redemption. Notice of any redemption must be given by the Corporation at least 45 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 8 in the open market or by private agreement or otherwise, at the lowest price obtainable, in the opinion of the board of directors, plus accrued and unpaid dividends and costs of purchase.

Conversion

Subject to certain restrictions, the holders of the Class A Preference Shares, Series 8 have the right, on November 1, 2001, and on November 1 in every fifth year thereafter (each, a "Conversion Date"), to convert any or all of the Class A Preference Shares, Series 8 held by them into Class A Preference Shares, Series 9 of the Corporation, on a one-for-one basis. A conversion of Class A Preference Shares, Series 8 into Class A Preference Shares Series 9 must be initiated not less than 14 days and not more than 45 days prior to a Conversion Date. Under certain circumstances, the Class A Preference Shares, Series 8 automatically convert into Class A Preference Shares, Series 9, on a one-for-one basis.

Voting

At any time that during the Fixed Rate Period eight quarterly dividends, or during the Floating Rate Period 24 monthly dividends, as applicable, whether or not consecutive, on the Class A Preference Shares, Series 8 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 8 are paid, the holders of Class A Preference Shares, Series 8 shall be entitled to receive notice of and to attend each meeting of shareholders which takes place more than 60 days after the date such failure first occurs and to one vote in respect of each Class A Preference Share, Series 8 held, voting, with respect to directors, with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 8 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 8:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Class A Preference Shares, Series 8) on shares of the Corporation ranking junior to the Class A Preference Shares, Series 8;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preference Shares, Series 8, redeem, purchase or otherwise retire or make any capital distribution on or in respect of shares of the Corporation ranking junior to the Class A Preference Shares, Series 8;

(c) purchase or otherwise retire less than all of the Class A Preference Shares, Series 8 then outstanding;

(d) except pursuant to any retraction privilege, mandatory redemption or purchase obligation attaching thereto, redeem, purchase or otherwise retire any shares of any class or series ranking on a parity with the Class A Preference Shares, Series 8; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 8;

unless, in each such case, all dividends on outstanding Class A Preference Shares, Series 8 accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 8 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior to the Class A Preference Shares, Series 8. Upon such payment, the holders of Class A Preference Shares, Series 8 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 9 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 9 are entitled to receive fixed cumulative preferred cash dividends, as and when declared by the board of directors, payable quarterly on the first day of February, May, August and November in each year, in an amount per share per annum equal to the product of C$25.00 and a percentage (which shall not be less than 80%) of the yield on certain Government of Canada bonds, as provided in the share conditions.

Redemption

The Corporation may not redeem the Class A Preference Shares, Series 9 on or prior to November 1, 2006. Subject to applicable law and certain restrictions and to the rights, privileges, restrictions and conditions attaching to any other shares of the Corporation, on November 1, 2006 and on November 1 in every fifth year thereafter, all, but not less than all, of the Class A Preference Shares, Series 9 are redeemable at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends up to but excluding the date of redemption. Notice of any redemption must be given by the Corporation at least 45 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 9 in the open market or by private agreement, or otherwise, at the lowest price obtainable, in the opinion of the board of directors, plus accrued and unpaid dividends and costs of purchase.

Conversion

Subject to certain restrictions, the holders of the Class A Preference Shares, Series 9 have the right on November 1, 2006, and on November 1 in every fifth year thereafter, to convert any or all of the Class A Preference Shares, Series 9 held by them into Class A Preference Shares, Series 8 of the Corporation, on a one-for-one basis. A conversion of Class A Preference Shares, Series 9 into Class A Preference Shares, Series 8 must be initiated not less than 14 days and not more than 45 days prior to a conversion date. Under certain circumstances, the Class A Preference Shares, Series 9 automatically convert into Class A Preference Shares, Series 8, on a one-for-one basis.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 9 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 9 are paid, the holders of Class A Preference Shares, Series 9 shall be entitled to receive notice of and to attend each meeting of shareholders which takes place more than 60 days after the date of such failure first occurs and to one vote in respect of each Class A Preference Share, Series 9 held, voting, with respect to directors, with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 9 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 9:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Class A Preference Shares, Series 9) on shares of the Corporation ranking junior to the Class A Preference Shares, Series 9;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preference Shares, Series 9, redeem, purchase or otherwise retire or make any capital distribution on or in respect of shares of the Corporation ranking junior to the Class A Preference Shares, Series 9;

(c) purchase or otherwise retire less than all of the Class A Preference Shares, Series 9 then outstanding;

(d) except pursuant to any retraction privilege, mandatory redemption or purchase obligation attaching thereto, redeem, purchase or otherwise retire any shares of any class or series ranking on a parity with the Class A Preference Shares, Series 9; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 9;

unless in each such case, all dividends on outstanding Class A Preference Shares, Series 9 accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 9 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior to the Class A Preference Shares, Series 9. Upon such payment, the holders of Class A Preference Shares, Series 9 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 10 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 10 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount equal to C$1.4375 per share per annum, accruing daily from the date of issue, payable quarterly on the last day of March, June, September and December in each year.

Redemption

The Class A Preference Shares, Series 10 are not redeemable on or prior to September 30, 2008. On or after this date, but subject to applicable law and to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 10 as a Series – Restrictions on Dividends and Retirement and Issue of Shares” the Corporation may, at its option, at any time redeem all, or from time to time any part, of the outstanding Class A Preference Shares, Series 10, by the payment of an amount in cash for each such share so redeemed of C$25.75 if redeemed before September 30, 2009, of C$25.50 if redeemed on or after September 30, 2009 but before September 30, 2010, of $25.25 if redeemed on or after September 30, 2010 but before September 30, 2011, and of C$25.00 thereafter plus, in each case, all accrued and unpaid dividends up to but excluding the date fixed for redemption.

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 10 are not convertible at the option of the Corporation prior to September 30, 2008. On or after this date, the Corporation may, subject to applicable law and, if required, to stock exchange approval, convert all, or from time to time any part, of the outstanding Class A Preference Shares, Series 10 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 10) by dividing the then applicable redemption price, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the weighted average trading price of the Class A Limited Voting Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on: (i) the fourth day prior to the date specified for conversion, or (ii) if such fourth day is not a trading day, the immediately preceding trading day (the “Current Market Price”). Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 10, but in lieu thereof the Corporation will make cash payments.

Conversion at the Option of the Holder

Subject to applicable law and the rights of the Corporation described below, on and after March 31, 2012, each Class A Preference Share, Series 10 is be convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined by dividing C$25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 10, but in lieu thereof the Corporation will make cash payments.

The Corporation, subject to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 10 as a Series – Restrictions on Dividends and Retirement and Issue of Shares", as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 10 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 10 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 10 to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 10 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of C$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for redemption or purchase. The Class A Preference Shares, Series 10 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 10 as a Series – Restrictions on Dividends and Retirement and Issue of Shares", the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 10 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Voting

The holders of the Class A Preference Shares, Series 10 are not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of the holders of Class A Preference Shares, Series 10 as a series) entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 10, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In that event, and for only so long as any such dividends remain in arrears, the holders of the Class A Preference Shares, Series 10 are entitled to receive notice of and to attend each meeting of the Corporation's shareholders other than any meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Class A Preference Share, Series 10 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 10 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect).

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 10:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 10) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 10;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 10, redeem or call for redemption, purchase or otherwise pay off or retire any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 10;

(c) redeem or call for redemption, purchase or otherwise retire for value less than all of the Class A Preference Shares, Series 10 then outstanding;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 10; or

(e) issue any additional Class A Preference Shares, Series 10 or any shares ranking as to dividends or return of capital prior to or on a parity with the Class A Preference Shares, Series 10;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 10 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 10 with respect to the payment of dividends have been declared paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 10 will be entitled to receive C$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for payment, before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 10. The holders of the Class A Preference Shares, Series 10 will not be entitled to share in any further distribution of the assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 11 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 11 are entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount per share per annum equal to C$1.375, accruing daily from the date of issue payable quarterly on the last day of March, June, September and December in each year.

Redemption

The Class A Preference Shares, Series 11 are not redeemable before June 30, 2009. On or after this date, but subject to applicable law and to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 11 as a Series – Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, at any time redeem all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 11, by the payment of an amount in cash for each such share so redeemed of C$25.75 if redeemed before June 30, 2010, of C$25.50 if redeemed on or after June 30, 2010 but before June 30, 2011, of C$25.25 if redeemed on or after June 30, 2011, but before June 30, 2012, and of C$25.00 thereafter, in each case together with, all declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 11 are not convertible at the option of the Corporation prior to June 30, 2009. On or after this date, the Corporation may, subject to applicable law and any requirement to obtain regulatory relief, and upon notice, convert all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 11 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 11) by dividing the then applicable redemption price, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 11, but in lieu thereof the Corporation will make cash payments.

Conversion at the Option of the Holder

Subject to applicable law and to the rights of the Corporation described below, on or after December 31, 2013, each Class A Preference Share, Series 11 is convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 11) by dividing C$25.00, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 11, but in lieu thereof the Corporation will make cash payments.

The Corporation, subject to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 11 as a Series – Restrictions on Dividends and Retirement and Issue of Shares”, as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 11 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 11 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 11 to another purchaser or purchasers

in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 11 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date fixed for redemption or purchase (less any tax required to be deducted and withheld by the Corporation). The Class A Preference Shares, Series 11 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 11 as a Series – Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 11 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Voting

The holders of the Class A Preference Shares, Series 11 are not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 11 as a series) entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 11, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, until such time as the Corporation pays the whole amount of a quarterly dividend, the holders of the Class A Preference Shares, Series 11 will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders (other than any meetings at which only holders of another specified class or series are entitled to vote), and to one vote for each Class A Preference Share, Series 11 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 11 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). The voting rights of the holders of the Class A Preference Shares, Series 11 shall forthwith cease upon payment by the Corporation of the whole amount of a quarterly dividend on the Class A Preference Shares, Series 11 subsequent to the time such voting rights first arose.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 11 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 11:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 11) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 11;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 11, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 11;

(c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Class A Preference Shares, Series 11 then outstanding;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 11; or

(e) issue any additional Class A Preference Shares, Series 11 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 11;

unless, in each such case, all declared and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 11 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 11 with respect to the payment of dividends have been declared paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 11 will be entitled to receive C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 11. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 11 will not be entitled to share in any further distribution of the assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 12 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 12 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount per share per annum equal to C$1.35, accruing daily from the date of issue payable quarterly on the last day of March, June, September and December in each year.

Redemption

The Class A Preference Shares, Series 12 are not redeemable before March 31, 2014. On or after this date, but subject to applicable law and to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 12 as a Series – Restrictions on Dividends and Retirement and Issue of Shares”, the Corporation may, at its option, at any time redeem all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 12, by the payment of an amount in cash for each such share so redeemed of C$26.00 if redeemed before March 31, 2015 of C$25.75 if redeemed on or after March 31, 2015 but before March 31, 2016, of C$25.50 if redeemed on or after March 31, 2016 but before March 31, 2017, of C$25.25 if redeemed on or after March 31, 2017, but before March 31, 2018, and of C$25.00 thereafter, in each case together with, all declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 12 are not convertible at the option of the Corporation prior to March 31, 2014. On or after this date, the Corporation may, subject to applicable law and any requirement to obtain regulatory relief, and upon notice, convert all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 12 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 12) by dividing the then applicable redemption price, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 12, but in lieu thereof the Corporation will make cash payments.

Conversion at the Option of the Holder

Subject to applicable law and to the rights of the Corporation described below, on or after March 31, 2018, each Class A Preference Share, Series 12 is convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 12) by dividing C$25.00, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 12, but in lieu thereof the Corporation will make cash payments.

The Corporation, subject to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 12 as a Series – Restrictions on Dividends and Retirement and Issue of Shares”, as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 12 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 12 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 12 to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 12 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date fixed for redemption or purchase (less any tax required to be deducted and withheld by the Corporation). The Class A Preference Shares, Series 12 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 12 as a Series – Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 12 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Voting

The holders of the Class A Preference Shares, Series 12 will not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 12 as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 12, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, until such time as the Corporation pays the whole amount of a quarterly dividend, the holders of the Class A Preference Shares, Series 12 will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders (other than any meetings at which only holders of another specified class or series are entitled to vote), and to one vote for each Class A Preference Share, Series 12 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 12 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Upon payment of the entire amount of all Class A Preference Shares, Series 12 dividends in arrears, the voting rights of the holders of the Class A Preference Shares, Series 12 shall forthwith cease.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 12 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 12:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 12) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 12;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 12, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 12;

(c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Class A Preference Shares, Series 12 then outstanding;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 12; or

(e) issue any additional Class A Preference Shares, Series 12 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 12;

unless, in each such case, all declared and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 12 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 12 with respect to the payment of dividends have been declared paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 12 will be entitled to receive C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 12. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 12 will not be entitled to share in any further distribution of the assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 13 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 13 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one quarter of 70% of the "Average Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 13 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 13 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and reasonable costs of purchase.

Voting

At any time the Corporation fails to pay in the aggregate eight quarterly dividends on the Class A Preference Shares, Series 13 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 13 are paid, the holders of the Corporation Class A Preference Shares, Series 13 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation other than any meeting of the holders of any other class or series of shares of the Corporation held separately as a class or series, but shall not be entitled to vote thereat, except in the election of directors in which case the holders of the Class A Preference Shares, Series 13 shall be entitled to one vote per share (provided that holders of the Series 13 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of one-half of the board of directors). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 13 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 13 will have one vote.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 13:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 13) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 13; pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 13) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 13;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 13, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 13;

(c) redeem or call for redemption, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 13;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 13; or

(e) issue any additional Class A Preference Shares, Series 13 or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 13;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 13 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 13 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 13 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 13. Upon such payment, the holders of Class A Preference Shares, Series 13 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 14 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 14 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable monthly in respect of each calendar month in an amount per share equal to C$100.00 multiplied by one twelfth of 63% of the "Average Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 14 is redeemable on any March 1, June 1, September 1 and December 1 in whole or in part from time to time at the option of the Corporation at a redemption price of C$100.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Retraction

Subject to the restrictions imposed by applicable law, each of the Class A, Preference Shares, Series 14 is retractable by the holder on any March 1, June 1, September 1 and December 1 at a price of C$100.00 per share together with all accrued and unpaid dividends to the applicable retraction date. Notice of retraction must be given by the holder to the transfer agent at least 15 days prior to the date fixed for retraction.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 14 in the open market or by invitation for tenders at a price not exceeding C$100.00 per share plus accrued and unpaid dividends thereon.

Voting

At any time the Corporation fails to pay in the aggregate 24 monthly dividends on the Class A Preference Shares, Series 14 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 14 are paid, the holders of Class A Preference Shares, Series 14 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation other than any meetings of the holders of any other class or series of shares of the Corporation held separately as a class or series, but shall not be entitled to vote thereat except in the election of directors in which case the holders of the Class A Preference Shares, Series 14 shall be entitled to four votes in respect of each C$100.00 of the issue price of the Class A Preference Shares, Series 14 held. Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 14 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting (provided that holders of the Series 14 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of one-half of the board of directors).

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 14 will have four votes.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 14:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 14) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 14;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 14, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 14;

(c) except pursuant to the retraction privilege attaching thereto, redeem or call for redemption or purchase or otherwise reduce or make any return of capital in respect of less than all the Class A Preference Shares, Series 14;

(d) pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 14; or

(e) issue any additional Class A Preference Shares, Series 14 or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 14;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 14 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 14 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 14 will be entitled to payment of an amount equal to C$100.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 14. Upon such payment, the holders of Class A Preference Shares, Series 14 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 15 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 15 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by the rate determined by negotiation, bid or auction. If the amount is not determinable by negotiation, bid or auction, it shall be the Bankers' Acceptable Rate (defined in the share conditions) plus 0.40%.

Redemption

Each of the Class A Preference Shares, Series 15 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 15 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and reasonable costs of purchase.

Voting

At any time the Corporation fails to pay in the aggregate dividends for 24 months on the Class A Preference Shares, Series 15 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 15 are paid, the holders of Class A Preference Shares, Series 15 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation other than any meetings of the holders of any other class or series of shares of the Corporation held separately as a class or series, but shall not be entitled to vote thereat except in the election of directors in which case the holders of the Class A Preference Shares, Series 15 shall be entitled to one vote per share (provided that holders of the Series 15 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of one-half of the board of directors). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 15 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 15 will have one vote.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 15:

(a) pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 15) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 15;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 15, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 15;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 15;

(d) redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of less than all of the Class A Preference Shares, Series 15; or

(e) issue any additional Class A Preference Shares, Series 15 or any shares ranking as dividends or capital on a parity with the Class A Preference Shares, Series 15;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 15 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 15 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 15 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 15. Upon such payment, the holders of Class A Preference Shares, Series 15 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 16 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 16 are entitled to receive annual floating rate cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable monthly in respect of each calendar month, equal to 75% of the "Prime Rate" (as defined in the share conditions). The dividend rate will be adjusted upwards or downwards on a monthly basis whenever the inferred trading price of the Class A Preference Shares, Series 16 (as determined by the Corporation's management based on the trading price of the Class A Preference Shares, Series 8) is C$24.875 or less, or C$25.125 or more, respectively. The maximum monthly adjustment for changes will be 4% of the Prime Rate, subject to a floor of 50% of the Prime Rate and a ceiling of 150% of the Prime Rate.

Redemption

Each of the Class A Preference Shares, Series 16 is redeemable at any time in whole from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends up to but excluding the date of redemption. Notice of any redemption must be given by the Corporation at least 45 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 16 in the open market or by private agreement or otherwise, at the lowest price obtainable, in the opinion of the board of directors of the Corporation plus accrued and unpaid dividends and reasonable costs of purchase.

Voting

At any time that the Corporation fails to pay in the aggregate dividends for 24 months on the Class A Preference Shares, Series 16 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 16 are paid, the holders of Class

A Preference Shares, Series 16 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which takes place more than 60 days after the date such failure first occurs and to one vote for each Class A Preference Share, Series 16 held (provided that holders of the Series 16 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of 1/2 of the board of directors). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 16 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 16 will have one vote.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 16:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 16) on shares of the Corporation ranking junior as to dividends to the Class A Preference Shares, Series 16;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 16, redeem or call for redemption, purchase or otherwise retire or make any capital distribution on or in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 16;

(c) except pursuant to any purchase obligation, retraction privilege or mandatory redemption provisions attaching thereto, redeem, purchase or otherwise retire any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 16;

(d) purchase or otherwise retire less than all of the Class A Preference Shares, Series 16 then outstanding; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 16;

unless, in each such case, all dividends then payable on the Class A Preference Shares, Series 16 then outstanding accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class Preference Shares, Series 16 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 16. Upon such payment, the holders of Class A Preference Shares, Series 16 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 17 AS A SERIES

Dividends

The holders of Class A Preference Shares, Series 17 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, at a rate of C$0.296875 per share per quarter, to accrue from the date of original issue, payable quarterly on the last day of December, March, June and September of each year.

Redemption

The Class A Preference Shares, Series 17 may not be redeemed by the Corporation prior to December 31, 2011. On and after December 31, 2011, the Corporation may, at its option upon not less than 30 days and not more than 60 days prior notice, redeem for cash the Class A Preference Shares, Series 17, in whole at any time or in part from time to time, at C$26.00 per share if redeemed before December 31, 2012, C$25.75 per share if redeemed on or after December 31, 2012 but before December 31, 2013, at C$25.50 per share if redeemed on or after December 31, 2013, but before December 31, 2014, at C$25.25 per share if redeemed on or after December 31, 2014, but before December 31, 2015 and at C$25.00 per share if redeemed on or after December 31, 2015, in each case, together with all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

If less than all of the outstanding Class A Preference Shares, Series 17 are at any time to be redeemed, the shares will be redeemed on a pro rata basis.

Conversion

The Corporation may at any time give the holders of Class A Preference Shares, Series 17 the right, at their option, to convert such shares into a further series of preference shares designated by the Corporation.

The Class A Preference Shares, Series 17 are not convertible by the Corporation prior to December 31, 2011. On and after December 31, 2011 and subject to approval of the TSX, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior notice, convert, in whole at any time or in part from time to time, the outstanding Class A Preference Shares, Series 17 into Class A Limited Voting Shares of the Corporation. The number of Class A Limited Voting Shares into which each Class A Preference Share, Series 17 may be so converted will be determined by dividing the then applicable redemption price together with all accrued and unpaid dividends to but excluding the date of conversion, by the greater of C$2.00 and 95% of the Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 17 but in lieu thereof the Corporation will make cash payments.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "– Restrictions on Dividends and Retirement and Issue of Shares'' below, the Corporation may at any time purchase for cancellation the whole or any part of the Class A Preference Shares, Series 17 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 17 will be entitled to receive C$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 17. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 17 will not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 17 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 17:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 17) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 17;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 17, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 17;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 17; or

(d) issue any additional Class A Preference Shares, Series 17 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 17;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 17 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 17 with respect to the payment of dividends have been declared and paid or set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 17 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 17 may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the

votes cast at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 17 are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preference Shares, Series 17 then present would form the necessary quorum. At any meeting of holders of Class A Preference Shares, Series 17 as a series, each such holder shall be entitled to one vote in respect of each Class A Preference Share, Series 17 held.

Voting Rights

The holders of the Class A Preference Shares, Series 17 will not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 17 as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 17, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Class A Preference Shares, Series 17 will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders (other than any meetings at which only holders of another specified class or series are entitled to vote), and to one vote for each Class A Preference Share, Series 17 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 17 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 2 may be entitled to elect if dividends on such shares are in arrears). Upon payment of the entire amount of all Class A Preference Share, Series 17 dividends in arrears, the voting rights of the holders of the Class A Preference Shares, Series 17 shall forthwith cease.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 18 AS A SERIES

Dividends

The holders of Class A Preference Shares, Series 18 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, at a rate of C$0.296875 per share per quarter, to accrue from the date of original issue, payable quarterly on the last day of March, June, September and December of each year.

Redemption

The Class A Preference Shares, Series 18 may not be redeemed by the Corporation prior to June 30, 2012. On and after June 30, 2012, the Corporation may, at its option upon not less than 30 days and not more than 60 days prior notice, redeem for cash the Class A Preference Shares, Series 18, in whole at any time or in part from time to time, at C$26.00 per share if redeemed before June 30, 2013, at C$25.75 per share if redeemed on or after June 30, 2013 but before June 30, 2014, at C$25.50 per share if redeemed on or after June 30, 2014 but before June 30, 2015, at C$25.25 per share if redeemed on or after June 30, 2015 but before June 30, 2016 and at C$25.00 per share if redeemed on or after June 30, 2016, in each case, together with all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

If less than all of the outstanding Class A Preference Shares, Series 18 are at any time to be redeemed, the shares will be redeemed on a pro rata basis.

Conversion

The Corporation may at any time give the holders of Class A Preference Shares, Series 18 the right, at their option, to convert such shares into a further series of preference shares designated by the Corporation.

The Class A Preference Shares, Series 18 will not be convertible by the Corporation prior to June 30, 2012. On and after June 30, 2012 and subject to approval of the TSX, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior notice, convert, in whole at any time or in part from time to time, the outstanding Class A Preference Shares, Series 18 into Class A Limited Voting Shares. The number of Class A Limited Voting Shares into which each Class A Preference Share, Series 18 may be so converted will be determined by dividing the then applicable redemption price together with all accrued and unpaid dividends to but excluding the date of conversion, by the greater of C$2.00 and 95% of the Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 18 but in lieu thereof the Corporation will make cash payments.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "— Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may at any time purchase for cancellation the whole or any part of the Class A Preference Shares, Series 18 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 18 will be entitled to receive C$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 18. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 18 will not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 18 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 18:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 18) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 18;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 18, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 18;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 18; or

(d) issue any additional Class A Preference Shares, Series 18 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 18;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 18 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 18 with respect to the payment of dividends have been declared and paid or set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 18 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 18 may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the votes cast at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 18 are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preference Shares, Series 18 then present would form the necessary quorum. At any meeting of holders of Class A Preference Shares, Series 18 as a series, each such holder shall be entitled to one vote in respect of each Class A Preference Share, Series 18 held.

Voting Rights

The holders of the Class A Preference Shares, Series 18 will not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 18 as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 18, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Class A Preference Shares, Series 18 will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders (other than any meetings at which only holders of another

specified class or series are entitled to vote), and to one vote for each Class A Preference Share, Series 18 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 18 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 2 may be entitled to elect if dividends on such shares are in arrears). Upon payment of the entire amount of all Class A Preference Share, Series 18 dividends in arrears, the voting rights of the holders of the Class A Preference Shares, Series 18 shall forthwith cease.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 19 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 19 are entitled to receive fixed cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to 9% per annum applied to the price of C$10.00 per share.

Redemption

Each of the Class A Preference Shares, Series 19 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$10.00 per share together with all unpaid dividends accrued thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days prior to the date fixed for redemption.

Purchase for Cancellation

Subject to the Business Corporation Act (Ontario) and the articles of the Corporation, the Corporation may at any time purchase for cancellation all or any Class A Preference Shares, Series 19 by invitation for tenders or in any other manner at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable, but not exceeding C$10.00 per share plus accrued and unpaid dividends up to but excluding the date fixed for purchase together with the costs of purchase. If, in response to an invitation for tenders, more Class A Preference Shares, Series 19 are tendered at a price or prices acceptable to the Corporation than the Corporation is prepared to purchase, then the Class A Preference Shares, Series 19 to be purchased by the Corporation shall be purchased as nearly as may be pro rata according to the number of Class A Preference Shares, Series 19 tendered by each holder who submits a tender to the Corporation, provided that when Class A Preference Shares, Series 19 are tendered at different prices, the pro rating shall be effected with reference to the Class A Preference Shares, Series 19 tendered at the price at which more Class A Preference Shares, Series 19 were tendered than the Corporation is prepared to purchase only after the Corporation has purchased all Class A Preference Shares, Series 19 which were tendered at lower prices.

Rights on Liquidation

In the event of a Distribution of Assets (as defined in the share conditions) of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 19 will be entitled to receive C$10.00 per share held by them, plus any accrued and unpaid dividends up to but excluding the date of payment or distribution, before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 19. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 19 will not be entitled to share in any further distribution of the property or assets of the Corporation upon a Distribution of Assets.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the Class A Preference Shares, Series 19 redeem or call for redemption and/or purchase and/or make any capital distribution in respect of any shares ranking junior to the Class A Preference Shares, Series 19 in respect of a Distribution of Assets except entirely through the issuance of shares ranking junior to the Class A Preference Shares, Series 19 with respect to a Distribution of Assets or through the use of proceeds from the issuance of shares ranking junior to the Class A Preference Shares, Series 19 with respect to a Distribution of Assets.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 19 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 19 may be given by resolution signed by all the holders of outstanding Class A Preference Shares, Series 19 or passed by the affirmative vote of at least 66 2/3% of the votes cast by the holders of Class A Preference Shares, Series 19 who voted in respect of that resolution at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 19 are represented or, if no quorum is present at such meeting, at any adjourned meeting at which the holders of Class A Preference Shares, Series 19 then represented would form the quorum. At any meeting of holders of Class

A Preference Shares, Series 19, each holder of Class A Preference Shares, Series 19 is entitled to vote and will have one vote in respect of each Class A Preference Share, Series 19 held.

Voting Rights

Each holder of Class A Preference Shares, Series 19 is entitled to notice of, and to attend and vote at, all meetings of the Corporation's shareholders, other than meetings at which holders of only a specified class or series may vote, and shall be entitled to cast one vote per Class A Preference Share, Series 19 held.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 20 AS A SERIES

Dividends

The holders of the Class A Preference Shares, Series 20 are entitled to receive fixed cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to 9% per annum applied to the price of C$10.00 per share.

Redemption

Each of the Class A Preference Shares, Series 20 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$10.00 per share together with all unpaid dividends accrued thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days prior to the date fixed for redemption.

Purchase for Cancellation

Subject to the Business Corporations Act (Ontario) and the articles of the Corporation, the Corporation may at any time purchase for cancellation all or any Class A Preference Shares, Series 20 by invitation for tenders or in any other manner at the lowest price or prices at which, in the opinion of the board of directors of the Corporation, such shares are obtainable, but not exceeding C$10.00 per share plus accrued and unpaid dividends up to but excluding the date fixed for purchase together with the costs of purchase. If, in response to an invitation for tenders, more Class A Preference Shares, Series 20 are tendered at a price or prices acceptable to the Corporation than the Corporation is prepared to purchase, then the Class A Preference Shares, Series 20 to be purchased by the Corporation shall be purchased as nearly as may be pro rata according to the number of Class A Preference Shares, Series 20 tendered by each holder who submits a tender to the Corporation, provided that when Class A Preference Shares, Series 20 are tendered at different prices, the pro rating shall be effected with reference to the Class A Preference Shares, Series 20 tendered at the price at which more Class A Preference Shares, Series 20 were tendered than the Corporation is prepared to purchase only after the Corporation has purchased all Class A Preference Shares, Series 20 which were tendered at lower prices.

Rights on Liquidation

In the event of a Distribution of Assets (as defined in the share conditions) of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 20 will be entitled to receive C$10.00 per share held by them, plus any accrued and unpaid dividends up to but excluding the date of payment or distribution, before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 20. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 20 will not be entitled to share in any further distribution of the property or assets of the Corporation upon a Distribution of Assets.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the Class A Preference Shares, Series 20 redeem or call for redemption and/or purchase and/or make any capital distribution in respect of any shares ranking junior to the Class A Preference Shares, Series 20 in respect of a Distribution of Assets except entirely through the issuance of shares ranking junior to the Class A Preference Shares, Series 20 with respect to a Distribution of Assets or through the use of proceeds from the issuance of shares ranking junior to the Class A Preference Shares, Series 20 with respect to a Distribution of Assets.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 20 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 20 may be given by resolution signed by all the holders of outstanding Class A Preference Shares, Series 20 or passed by the affirmative vote of at least 66 2/3% of the votes cast by the holders of Class A Preference Shares, Series 20 who voted in respect of that resolution at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 20 are represented or, if no quorum is present at such meeting, at any adjourned meeting at which the holders of Class A Preference Shares, Series 20 then represented would form the quorum. At any meeting of holders of Class

A Preference Shares, Series 20, each holder of Class A Preference Shares, Series 20 is entitled to vote and will have one vote in respect of each Class A Preference Share, Series 20 held.

Voting Rights

Except as required by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 20 as a series, the holders of Class A Preference Shares, Series 20 shall not be entitled of, to attend or to vote at any meeting of the shareholders of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 21 AS A SERIES

Dividends

The holders of Class A Preference Shares, Series 21 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, at a rate of $1.2500 per share per annum, to accrue from the date of original issue, payable quarterly on the last day of March, June, September and December of each year.

Redemption

The Class A Preference Shares, Series 21 may not be redeemed by the Corporation before June 30, 2013. On or after this date, but subject to applicable law and to the provisions described under "— Restrictions on Dividends and Retirement and Issue of Shares", the Corporation may, at its option, at any time redeem all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 21, by the payment of an amount in cash for each such share so redeemed of $25.00 per Class A Preference Share, Series 21 together with, all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all the outstanding the Class A Preference Shares, Series 21 are at any time to be redeemed, the shares will be redeemed on a pro-rata basis.

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 21 are not convertible at the option of the Corporation prior to June 30, 2013. On or after this date, the Corporation may, subject to applicable law and other regulatory approvals, and upon notice, convert all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 21 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 21) by dividing the then applicable redemption price, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of $2.00 or 95% of the weighted average trading price of such Class A Limited Voting Shares on the TSX for the period of 20 consecutive trading days ending on the fourth day prior to the date specified for conversion or, if that fourth day is not a trading day, on the trading day immediately preceding such fourth day (the "Current Market Price"). Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 21, but in lieu thereof the Corporation will make cash payments.

Notice of any conversion will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for conversion. If less than all the outstanding Class A Preference Shares, Series 21 are at any time to be converted, the shares to be converted will be selected on a pro-rata basis.

Upon exercise by the Corporation of its right to convert Class A Preference Shares, Series 21 into Class A Limited Voting Shares, the Corporation reserves the right not to issue Class A Limited Voting Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require compliance by the Corporation with the securities or other laws of such jurisdiction.

Conversion at the Option of the Holder

Subject to applicable law and to the rights of the Corporation described below, on or after June 30, 2013, each Class A Preference Share, Series 21 will be convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 21) by dividing $25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of $2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 21, but in lieu thereof the Corporation will make cash payments.

Upon exercise of the conversion privilege by the holder of Class A Preference Shares, Series 21, the Corporation reserves the right not to issue Class A Limited Voting Shares to any person whose address is in, or whom the Corporation or its transfer agent has

reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require compliance by the Corporation with the securities or other laws of such jurisdiction.

The Corporation, subject to the provisions described under "— Restrictions on Dividends and Retirement and Issue of Shares", as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 21 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 21 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 21 to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 21 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of $25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for redemption or purchase (less any tax required to be deducted and withheld by the Corporation). The Class A Preference Shares, Series 21 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

If the Corporation elects to redeem or arrange for the purchase of any Class A Preference Shares, Series 21 that are the subject of a conversion notice ("Subject Shares"), the Corporation shall, at least 20 days prior to the conversion date, give notice to all holders who have given a conversion notice to the Corporation, stating:

(a) the number of Subject Shares to be redeemed for cash by the Corporation;

(b) the number of Subject Shares to be sold to another purchaser; and

(c) the number of Subject Shares to be converted into Class A Limited Voting Shares;

such that all of the Subject Shares will be redeemed, purchased or converted on or before the first business day after the date fixed for conversion and that the proportion of the Subject Shares which are either redeemed, purchased or converted on that conversion date shall, to the extent practicable, be the same for each holder delivering a conversion date.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "— Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may at any time purchase for cancellation the whole or any part of the Class A Preference Shares, Series 21 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 21 will be entitled to receive $25.00 per share, together with all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 21. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 21 will not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 21 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 21:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 21) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 21;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 21, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 21;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 21; or

(d) issue any additional Class A Preference Shares, Series 21 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 21;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 21 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 21 with respect to the payment of dividends have been declared and paid or set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 21 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 21 may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the votes cast at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 21 are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preference Shares, Series 21 then present would form the necessary quorum. At any meeting of holders of Class A Preference Shares, Series 21 as a series, each such holder shall be entitled to one vote in respect of each Class A Preference Share, Series 21 held.

Voting Rights

The holders of the Class A Preference Shares, Series 21 will not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 21 as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 21, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Class A Preference Shares, Series 21 will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders (other than any meetings at which only holders of another specified class or series are entitled to vote), and to one vote for each Class A Preference Share, Series 21 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 21 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 2 may be entitled to elect if dividends on such shares are in arrears). Upon payment of the entire amount of all Class A Preference Shares, Series 21 dividends in arrears, the voting rights of the holders of the Class A Preference Shares, Series 21 shall forthwith cease.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 22 AS A SERIES

Dividends

The holders of Class A Preference Shares, Series 22 are entitled to receive quarterly fixed cumulative preferential cash dividends, as and when declared by the board of directors of the Corporation payable quarterly on the last business day of March, June, September and December in each year (except June 30, 2009) at an annual rate of $1.75 per share until September 30, 2014. The annual fixed dividend rate (the "Annual Fixed Dividend Rate") for each subsequent 5-year fixed rate period will be equal to the sum of the Government of Canada yield on the 30th day prior to the first day of such subsequent fixed rate period plus 4.45%. The annual fixed dividend for each such period will be equal to the applicable Annual Fixed Dividend Rate multiplied by $25.00.

Redemption

The Class A Preference Shares, Series 22 may not be redeemed by the Corporation before September 30, 2014. On September 30, 2014 and on September 30 every five years thereafter (each, a "Conversion Date"), the Corporation may, subject to applicable law, at its option without the consent of the holders, redeem all or any part of the then outstanding Class A Preference Shares, Series 22 by the payment of $25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld). Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 22 in the open market or by private agreement or otherwise, at the lowest price obtainable in the opinion of the board of directors of the Corporation.

Conversion

Subject to certain restrictions, the holders of the Class A Preference Shares, Series 22 have the right on any Conversion Date to convert any or all of the Class A Preference Shares, Series 22 held by them for Cumulative Class A Preference Shares, Series

23 of the Corporation, on a one-for-one basis. Such a conversion of Class A Preference Shares, Series 22 for Class A Preference Shares, Series 23 must be initiated not less than 15 days and not more than 30 days prior to a Conversion Date. Under certain circumstances, the Class A Preference Shares, Series 22 automatically convert into Class A Preference Shares, Series 23, on a one-for-one basis.

Voting Rights

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 22 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 22 are paid, the holders of Class A Preference Shares, Series 22 shall be entitled to receive notice of and to attend each meeting of shareholders and to one vote in respect of each Class A Preference Share, Series 22 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 22 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 2 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 22 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 22:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Class A Preference Shares, Series 22) on shares of the Corporation ranking junior to the Class A Preference Shares, Series 22;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preference Shares, Series 22, redeem, purchase or otherwise retire or make any capital distribution on or in respect of shares of the Corporation ranking junior to the Class A Preference Shares, Series 22;

(c) redeem, purchase or otherwise retire less than all of the Class A Preference Shares, Series 22 then outstanding; or

(d) except pursuant to any retraction privilege, sinking fund, mandatory redemption or purchase obligation attaching thereto, redeem, purchase or otherwise retire any shares of any class or series ranking on a parity with the Class A Preference Shares, Series 22;

unless, in each such case, all dividends on outstanding Class A Preference Shares, Series 22 accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 22 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 22 may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the votes cast at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 22 are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preference Shares, Series 22 then present would form the necessary quorum. At any meeting of holders of Class A Preference Shares, Series 22 as a series, each such holder shall be entitled to one vote in respect of each Class A Preference Share, Series 22 held.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 22 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld) before any amount can be paid to the holders of shares ranking junior to the Class A Preference Shares, Series 22. Upon such payment, the holders of the Class A Preference Shares, Series 22 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A PREFERENCE SHARES, SERIES 24 AS A SERIES

Dividends

The holders of Class A Preference Shares, Series 24 are entitled to receive quarterly fixed cumulative preferential cash dividends, as and when declared by the board of directors of the Corporation payable quarterly on the last business day of March, June, September and December in each year at an annual rate of $1.35 per share until June 30, 2016. The initial dividend will be payable on March 31, 2010 and will be $0.2811 per share. The annual fixed dividend rate (the "Annual Fixed Dividend Rate") for each subsequent 5-year fixed rate period will be equal to the sum of the Government of Canada yield on the 30th day prior to the first day of such subsequent fixed rate period plus 2.30%. The annual fixed dividend for each such period will be equal to the applicable Annual Fixed Dividend Rate multiplied by $25.00.

Redemption

The Class A Preference Shares, Series 24 may not be redeemed by the Corporation before June 30, 2016. On June 30, 2016 and on June 30 every five years thereafter (each, a "Conversion Date"), the Corporation may, subject to applicable law, at its option without the consent of the holders, redeem all or any part of the then outstanding Class A Preference Shares, Series 24 by the payment of $25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld). Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 24 in the open market or by private agreement or otherwise, at the lowest price obtainable in the opinion of the board of directors of the Corporation.

Conversion

Subject to certain restrictions, the holders of the Class A Preference Shares, Series 24 have the right on any Conversion Date to convert any or all of the Class A Preference Shares, Series 24 held by them for Class A Preference Shares, Series 25 of the Corporation, on a one-for-one basis. Such a conversion of Class A Preference Shares, Series 24 for Class A Preference Shares, Series 25 must be initiated not less than 15 days and not more than 30 days prior to a Conversion Date. Under certain circumstances, the Class A Preference Shares, Series 24 automatically convert into Class A Preference Shares, Series 25, on a one-for-one basis.

Voting Rights

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 24 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 24 are paid, the holders of Class A Preference Shares, Series 24 shall be entitled to receive notice of and to attend each meeting of shareholders and to one vote in respect of each Class A Preference Share, Series 24 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 24 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 2 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 24 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 24:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the company ranking junior to the Class A Preference Shares, Series 24) on shares of the Corporation ranking junior to the Class A Preference Shares, Series 24;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preference Shares, Series 24, redeem, purchase or otherwise retire or make any capital distribution on or in respect of shares of the Corporation ranking junior to the Class A Preference Shares, Series 24;

(c) redeem, purchase or otherwise retire less than all of the Class A Preference Shares, Series 24 then outstanding; or

(d) except pursuant to any retraction privilege, sinking fund, mandatory redemption or purchase obligation attaching thereto, redeem, purchase or otherwise retire any shares of any class or series ranking on a parity with the Class A Preference Shares, Series 24;

unless, in each such case, all dividends on outstanding Class A Preference Shares, Series 24 accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid.

Shareholder Approvals

In addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preference Shares, Series 24 as a series and any other approval to be given by the holders of the Class A Preference Shares, Series 24 may be given by a resolution carried by an affirmative vote of at least 66 2/3% of the votes cast at a meeting at which the holders of a majority of the outstanding Class A Preference Shares, Series 24 are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preference Shares, Series 24 then present would form the necessary quorum. At any meeting of holders of Class A Preference Shares, Series 24 as a series, each such holder shall be entitled to one vote in respect of each Class A Preference Share, Series 24 held.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Share, Series 24 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld) before any amount can be paid to the holders of shares ranking junior to the Class A Preference Share, Series 24. Upon such payment, the holders of the Class A Preference Share, Series 24 will not be entitled to share in any future distribution of assets of the Corporation.

CERTAIN PROVISIONS OF THE CLASS A LIMITED VOTING SHARES AND THE CLASS B LIMITED VOTING SHARES

The following is a summary of certain provisions attaching to or affecting the common equity of the Corporation, consisting of the Class A Limited Voting Shares (into which certain series of the Corporation's Preference Shares may be converted) and the Class B Limited Voting Shares. The attributes of the Class A Limited Voting Shares and the Class B Limited Voting Shares are substantially equivalent, except for the differing voting rights attached to the two classes of shares.

The sole holder of the Class B Limited Voting Shares of the Corporation is a party to a trust agreement with Computershare Trust Corporation of Canada (formerly, Montreal Trust Corporation of Canada) (as trustee for the holders of the Corporation's Class A Limited Voting Shares) dated August 1, 1997. The trust agreement provides, among other things, that that holder agrees not to sell any Class B Limited Voting Shares, directly or indirectly, pursuant to a takeover bid, unless a concurrent bid is made to all holders of Class A Limited Voting Shares. The concurrent offer must be: (i) for the same percentage of Class A Limited Voting Shares as the percentage of Class B Limited Voting Shares offered to be purchased from that holder; and (ii) the same in all material respects as the offer for the Class B Limited Voting Shares. Among other things, the trust agreement permits: (i) a sale by the sole holder of Class B Limited Voting Shares at a price per share less than 115% of the market price of Class A Limited Voting Shares and as part of a transaction involving not more than five persons in the aggregate; and (ii) a direct or indirect sale of shares of the sole holder of the Class B Limited Voting Shares to a purchaser who is or will become a shareholder of that holder and will not hold more than 20% of that holders' outstanding shares as a result of the transaction.

Priority

Subject to the prior rights of the holders of the Class A Preference Shares, the Class AA Preference Shares and any other senior-ranking shares outstanding from time to time, holders of Class A Limited Voting Shares and Class B Limited Voting Shares rank on a parity with each other with respect to the payment of dividends (if, as and when declared by the board of directors of the Corporation) and the return of capital on the liquidation, dissolution or winding up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

Voting Rights

Except as set out below under "Election of Directors", each holder of Class A Limited Voting Shares and Class B Limited Voting Shares is entitled to notice of, and to attend and vote at, all meetings of the Corporation's shareholders, other than meetings at which holders of only a specified class or series may vote, and shall be entitled to cast one vote per share. Subject to applicable law and in addition to any other required shareholder approvals, all matters to be approved by shareholders (other than the election of directors), must be approved: by a majority or, in the case of matters that require approval by a special resolution of shareholders, at least 66 2/3%, of the votes cast by holders of Class A Limited Voting Shares who vote in respect of the resolution or special resolution, as the case may be; and by a majority or, in the case of matters that require approval by a special resolution of shareholders, at least 66 2/3%, of the votes cast by holders of Class B Limited Voting Shares who vote in respect of the resolution or special resolution, as the case may be.

Election of Directors

In the election of directors, holders of Class A Limited Voting Shares, together, in certain circumstances, with the holders of certain series of Class A Preference Shares, are entitled to elect one-half of the board of directors of the Corporation, provided that if the holders of Class A Preference Shares, Series 1, Series 2 or Series 3 become entitled to elect two or three directors, as the case may be, the numbers of directors to be elected by holders of Class A Limited Voting Shares, together, in certain circumstances with the holders of certain series of Class A Preference Shares, shall be reduced by the number of directors to be elected by holders of Class A Preference Shares, Series 1, Series 2 and Series 3. Holders of Class B Limited Voting Shares are entitled to elect the other one-half of the board of directors of the Corporation.

OTHER PROVISIONS REGARDING THE SHARE CAPITAL OF THE CORPORATION

The Corporation's articles provide that each holder of shares of a class or series of shares of the Corporation entitled to vote in an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the holder multiplied by the number of directors to be elected by the holder and the holders of shares of the classes or series of shares entitled to vote with the holder in the election of directors. A holder may cast all such votes in favour of one candidate or distribute such votes among its candidates in any manner the holder sees fit. Where a holder has voted for more than one candidate without specifying the distribution of votes among such candidates, the holder shall be deemed to have divided the holder's votes equally among the candidates for whom the holder voted.

APPENDIX C

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE CORPORATION

A committee of the board of directors of the Corporation to be known as the Audit Committee (the "Committee") shall have the following terms of reference.

MEMBERSHIP AND CHAIRPERSON

Following each annual meeting of shareholders, the board of directors of the Corporation (the "board") shall appoint from its number three or more directors (the "Members" and each a "Member") to serve on the Committee until the close of the next annual meeting of shareholders of the Corporation or until the Member ceases to be a director, resigns or is replaced, whichever occurs first.

The Members will be selected by the board on the recommendation of the Governance and Nominating Committee. Any Member may be removed from office or replaced at any time by the board. All of the Members will be Independent Directors. In addition, every Member will be Financially Literate and at least one Member will be an Audit Committee Financial Expert. Members may not serve on more than two other public company audit committees, except with the prior approval of the board.

The board shall appoint one Member as the chairperson of the Committee. If the chairperson is absent from a meeting, the Members shall select a chairperson from those in attendance to act as chairperson of the meeting.

RESPONSIBILITIES

The Committee shall:

a) oversee the work of the Corporation's external auditor (the "auditor") engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;

b) review and evaluate the auditor's independence, experience, qualifications and performance and determine whether the auditor should be appointed or re-appointed and nominate the auditor for appointment or re-appointment by the shareholders;

c) where appropriate, terminate the auditor;

d) when a change of auditor is proposed, review all issues related to the change, including the information to be included in the notice of change of auditor required, and the orderly transition of such change;

e) review the terms of the auditor's engagement and the appropriateness and reasonableness of the proposed audit fees;

f) at least annually, obtain and review a report by the auditor describing:

   (i) the auditor's internal quality-control procedures; and

   (ii) any material issues raised by the most recent internal quality control review, or peer review, of the auditor, or review by any independent oversight body such as the Canadian Public Accountability board or the Public Company Accounting Oversight board, or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the auditor, and the steps taken to deal with any issues raised in any such review;

g) at least annually, confirm that the auditor has submitted a formal written statement describing all of its relationships with the Corporation; discuss with the auditor any disclosed relationships or services that may affect its objectivity and independence; obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the federal securities legislation administered by the United States Securities and Exchange Commission and of the Independence Standards of the Canadian Institute of Chartered Accountants, and is in compliance with any independence requirements adopted by the Public Company Accounting Oversight board; and, confirm that it has complied with applicable laws with the rotation of certain members of the audit engagement team;

h) review and evaluate the lead partner of the auditor;

i) ensure the regular rotation of the audit engagement team members as required by law, and periodically consider whether there should be regular rotation of the auditor firm;

j) meet privately with the auditor as frequently as the Committee feels is appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern to the Committee or the auditor, including:

   (i) planning and staffing of the audit;

   (ii) any material written communications between the auditor and management;

   (iii) whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;

   (iv) the extent to which the auditor is satisfied with the nature and scope of its examination;

   (v) whether or not the auditor has received the full co-operation of management of the Corporation;

   (vi) the auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;

   (vii) the items required to be communicated to the Committee in accordance with generally accepted auditing standards;

   (viii) all critical accounting policies and practices to be used by the Corporation;

   (ix) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;

   (x) any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with management and management's response; and

   (xi) any illegal act that may have occurred and the discovery of which is required to be disclosed to the Committee pursuant to the United States Securities Exchange Act of 1934;

k) pre-approve or approve, if permitted by law, the appointment of the auditor to provide any audit service or non-prohibited non-audit service and, if desired, establish detailed policies and procedures for the pre-approval of audit services and non-prohibited non-audit services by the auditor. The Committee may delegate this responsibility to one or more Members to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation must be detailed as to the particular service to be provided, may not delegate Committee responsibilities to management and must be reported to the full Committee at its next scheduled meeting;

l) resolve any disagreements between management and the auditor regarding financial reporting;

m) review, and, where appropriate, recommend for approval by the board, the following:

   (i) audited annual financial statements, in conjunction with the report of the external auditor;

   (ii) interim financial statements;

   (iii) annual and interim management discussion and analysis of financial condition and results of operation;

   (iv) reconciliations of the annual or interim financial statements; and

   (v) all other audited or unaudited financial information contained in public disclosure documents, including without limitation, any prospectus, or other offering or public disclosure documents and financial statements required by regulatory authorities;

n) discuss earnings press releases and other press releases containing financial information (to ensure consistency of the disclosure to the financial statements), as well as financial information and earnings guidance provided to analysts and rating agencies including the use of "pro forma" or "adjusted" non-GAAP information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;

o) review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements;

p) review disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses

in the design or operation of the Corporation's internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving management or other employees;

q) review the effectiveness of management's policies and practices concerning financial reporting, any proposed changes in major accounting policies, the appointment and replacement of management responsible for financial reporting and the internal audit function;

r) review the adequacy of the internal controls that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies;

s) meet privately with the person responsible for the Corporation's internal audit function as frequently as the Committee feels appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern;

t) review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function (which may be outsourced to a firm other than the auditor) to confirm that it is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the auditor; review the appointment and replacement of the person in charge of the Corporation's internal audit and review the significant reports to management prepared by the internal auditor and management's responses;

u) review the controls and procedures that have been adopted to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed and to review the public disclosure of financial information extracted or derived from the issuer's financial statements and periodically assess the adequacy of these procedures;

v) review periodically, the Corporation's policies with respect to risk assessment and management, particularly financial risk exposure, including the steps taken to monitor and control risks;

w) review periodically, the status of taxation matters of the Corporation;

x) set clear policies for hiring partners and employees and former partners and employees of the external auditor;

y) review, with legal counsel where required, such litigation, claims, tax assessments, transactions, material inquiries from regulators and governmental agencies or other contingencies which may have a material impact on financial results or which may otherwise adversely affect the financial well-being of the Corporation;

z) review periodically the Corporation's susceptibility to fraud and oversee management's processes for identifying and managing the risks of fraud; and

aa) consider other matters of a financial nature as directed by the board.

REPORTING

The Committee will regularly report to the board on:

a) the auditor's independence;

b) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;

c) the performance of the internal audit function department;

d) the adequacy of the Corporation's internal controls and disclosure controls;

e) its recommendations regarding the annual and interim financial statements of the Corporation and any reconciliation of the Corporation's financial statements, including any issues with respect to the quality or integrity of the financial statements;

f) its review of any other public disclosure document including the annual information form and the annual and interim management's discussion and analysis of financial condition and results of operations;

g) the Corporation's compliance with legal and regulatory requirements, particularly those related to financial reporting; and

h) all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

COMPLAINTS PROCEDURE

The Committee will establish a procedure for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and a procedure for the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

REVIEW AND DISCLOSURE

The Committee will review this Charter at least annually and submit it to the Governance and Nominating Committee together with any proposed amendments. The Governance and Nominating Committee will review the Charter and submit it to the board for approval with such further amendments as it deems necessary and appropriate.

This Charter will be posted on the Corporation's web site and the annual report or the management information circular of the Corporation will state that this Charter is available on the web site or is available in print to any shareholder who requests a copy.

ASSESSMENT

At least annually, the Governance and Nominating Committee will review the effectiveness of this Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the corporate governance guidelines adopted by the board. The Committee will also conduct its own assessment of the Committee's performance on an annual basis.

ACCESS TO OUTSIDE ADVISORS AND SENIOR MANAGEMENT

The Committee may retain any outside advisor including legal counsel, at the expense of the Corporation, without the board's approval, at any time. The Committee has the authority to determine any such advisor's fees.

The Corporation will provide for appropriate funding, for payment of compensation to any auditor engaged to prepare or issue an audit report or perform other audit, review or attest services, and ordinary administrative expenses of the Committee.

Members will meet privately with senior management as frequently as they feel is appropriate to fulfill the Committee's responsibilities, but not less than annually.

MEETINGS

Meetings of the Committee may be called by any Member, the Chairman of the board, the Chief Executive Officer or Chief Financial Officer of the Corporation, the internal auditor or the auditor. Meetings will be held each quarter and at such additional times as is necessary for the Committee to fulfill its responsibilities. The Committee shall appoint a secretary to be the secretary of each meeting of the Committee and to maintain minutes of the meeting and deliberations of the Committee.

The powers of the Committee shall be exercisable at a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Matters decided by the Committee shall be decided by majority vote. Subject to the foregoing, the Business Corporations Act *(Canada)* and the by-laws, and unless otherwise determined by the board, the Committee shall have the power to regulate its procedure.

Notice of each meeting shall be given to each Member, the internal auditor, the auditor, and to the Chairman of the board and the Chief Executive Officer of the Corporation. Notice of meeting may be given orally or by letter, facsimile or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting and attendance at a meeting is deemed waiver of notice. The notice need not state the purpose or purposes for which the meeting is being held.

The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Committee may require the auditors to attend any or all meetings.

DEFINITIONS

Capitalized terms used in this Charter and not otherwise defined have the meaning attributed to them below:

"**Independent Director**" means a director who has been affirmatively determined by the board to have no material relationship with the Corporation, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. In addition to any other requirement of applicable securities laws or stock exchange provisions, a director who:

a) is an employee, or whose immediate family member is an executive officer, of the Corporation is not independent until three years after the end of such employment relationship;

b) is receiving, or whose immediate family member receives, more than US$50,000 per year in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior

service (provided such compensation is not contingent in any way on continued service) is not independent until three years after he or she ceases to receive more than US$50,000 per year in compensation;

c) is affiliated with or employed by, or whose immediate family member is employed in a professional capacity by, a present or former internal or external auditor of the Corporation is not independent until three years after the end of the affiliation or employment relationship with the auditor;

d) is employed as, or whose immediate family member is employed as, an executive officer of another company where any of the present (at the time of review) members of senior management of the Corporation serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship; and

e) is an executive officer or an employee of, or whose immediate family member is an executive officer of, another company for which the Corporation accounts for at least 2% or US$1 million, whichever is greater, of such other company's consolidated gross revenues, in each case is not independent until three years after falling below such threshold.

Additionally, an Independent Director for the purpose of the Audit Committee specifically may not:

a) accept any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or

b) be an affiliated person of the Corporation or any of its subsidiaries (within the meaning of applicable rules and regulations).

For the purposes of the definition above, the term Corporation includes any parent, subsidiary or other affiliated entity of the Corporation.

In addition to the requirements for independence set out in paragraph (c) above, Members of the Audit Committee must disclose any other form of association they have with a current or former external or internal auditor of the Corporation to the Governance and Nominating Committee of the board of directors for a determination as to whether this association affects the Member's status as an independent director.

"**Financially Literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

"**Audit Committee Financial Expert**" means a person who has the following attributes:

a) an understanding of generally accepted accounting principles and financial statements;

b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;

d) an understanding of internal controls and procedures for financial reporting; and

e) an understanding of audit committee functions;

acquired through any one or more of the following:

f) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

g) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

h) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or other relevant experience; or

i) other relevant experience.

This charter of the Audit Committee was reviewed and approved by the board of directors of the Corporation on February 12, 2009.

Exhibit 99.2

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains forward-looking information within the meaning of Canadian provincial securities laws and other "forward-looking statements" within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this Annual Report, in other filings with Canadian regulators or the SEC or in other communications. The words "enable," "objective," "hopefully," "become," "beginning," "often," "seek," "position," "protect," "coming," "provide," "predominantly," "leading," "ensure," "increasing," "achieve," "strategy," "intend," "extend," "projected," "periodically," "enable," "enhance," "maintain," "objective," "pursue," "generate," "build," "capitalize," "create," "largely," "continue," "believe," "typically," "expect," "potential," "primarily," "generally," "anticipate," "goal," "might," "estimated," "expand," "scheduled," "tend," "opportunity," "likely," "growth," "regularly," derivations thereof and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "would," "may," "will," "can," "could" or "should" are predictions of or indicate future events, trends or prospects or identify forward-looking statements.

Forward-looking statements in this Management's Discussion and Analysis include, among others, statements with respect to: our adoption of International Financial Reporting Standards ("IFRS") in 2010; procedures and assumptions that we intend to follow in preparing our pro-forma opening balance sheet for our adoption of IFRS; accounting policies expected to be adopted under IFRS; our view that the value of our assets increases by an amount equal to the capitalized value of the increase in cash flows generated by the assets; our goal of growing operating cash flow and total return over the longer term; our role as a reliable sponsor of investment transactions; how we differ from other asset management companies; investment of our capital; investments by our Special Situations group; future returns on our investments in undervalued opportunities; future reporting on long-term growth rates for total return; our belief that expansion of our infrastructure operations and allocation of third party capital to our various fund initiatives positions us well for growth; our expectations regarding our infrastructure business; future maturation of loans and notes receivable; periodic revaluation of the carrying values of our tangible assets based on fair market values resulting from our adoption of IFRS; our beliefs that fair market values will be an important indicator of underlying values and will enable us to report on building value on a total return basis; future investment initiatives and growth and value enhancement of our business; contributions from base management fees; expected completion of our wind energy project in Ontario; variances in cash flows due to changes in prices for power and water flows; increases in water storage levels in anticipation of future higher prices for hydroelectric power; our contracted renewable power generation; the purchase of approximately 15% of our expected power generation by the Ontario Power Authority; expected maturities of certain borrowings within our power operations; our level of assurance that rents will be paid in the future; our expectations with respect to our ability to roll our net rental area in the future; discussions with Bank of America/Merrill Lynch to secure advance leasing arrangements for a large lease maturity in 2013; our intention and ability to refinance commercial property debt and subsidiary borrowings in Australia; maturities in our North American operations; future cash flow growth in our retail operations; construction of a transmission project in Texas and its future contribution to cash flow; our expectations of our infrastructure operations to produce increasing revenue and income; debt maturities related to our infrastructure operations; deferring harvesting of our timberlands to allow the trees to continue to grow; development opportunities; objectives with respect to our opportunity investments; future profitable growth in our construction activities; future gross sales revenues in our Brazilian residential business; timing of the development of our land bank in Calgary, Alberta; the transfer of Bay Adelaide Centre to our operating portfolio; the projected construction cost of City Square in Perth, Australia and its scheduled completion; timing of the commencement of construction of our property on Ninth Avenue in New York City; property-specific financings; our use of options to control lots for future years in our residential development properties; residential property lots in Australia and New Zealand as a basis for continued growth; our intention to convert land adjacent to our Western North American timberlands into residential and other purpose land over time; the future gain from the sale of Concert Industries; our expectation that most of our investment returns from our restructuring business will be from disposition gains; restructuring opportunities; expected returns of our real estate financing activities; the impact of potential changes in short-term floating rates on asset returns and net corresponding liabilities in our real estate financing activities; other investments that will be sold in the future once value has been maximized, integrated into our core operations or used to seed new funds, and our expectation to continue to make such investments; our plans with respect to the continuation of the viable portions of Fraser Papers Inc., continued employment of certain employees and preservation of the value of our invested capital in Fraser Papers Inc.; our entitlement to royalties and net profit interests in our infrastructure investments in coal rights in Alberta and British Columbia; the expected commissioning a of 26 megawatt facility in Brazil; our expectation that commercial office transactions will be a primary area of activity for us over the next 24 months; future use of our liquidity as well as broader capital markets trends such as credit spreads, foreign currencies and interest rates; periodic renewal and extension of our corporate borrowings and scheduled expiries; future determination of our legal proceedings with AIG Financial Products; potential future tax payments upon liquidation of the company; our beliefs about our objectives when managing capital, future income tax liabilities, IFRS being a better representation of our financial position than historical book values, long-term increases in demand and pricing for renewable energy, recovery of cash flow in our timberlands and U.S. residential operations, the fair value of our land holdings; our ability to execute our business plans and act on potential investment opportunities and adverse economic circumstances, seek returns in the form of equity participations or other long-term interests, increase operating cash flow per share through our asset management activities, pursue a broad range of transactions and expand our operating base, capitalize on opportunities, pursue investment opportunities and manage forthcoming debt maturities in our commercial properties business; manage our portfolios and tenant relationships on a proactive basis leading to opportunities to re-lease space and minimize vacancies, secure lower short-term rates for future financings, attract new tenants to fill our vacant office property space, maintain or increase our net rental income in the future as well as the outlook for the company's businesses and other statements with respect to our beliefs, outlooks, plans, expectations and intentions.

Although Brookfield believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: economic and financial conditions in the countries in which we do business; rate of recovery of the current economic downturn; the behaviour of financial markets, including fluctuations in interest and exchange rates; availability of equity and debt financing; strategic actions including dispositions; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; the company's continued ability to attract institutional partners to its specialty funds; adverse hydrology conditions; defaults by customers on contractual arrangements in our utilities infrastructure operations, future rights to easements, licenses and rights of way for land required for our transportation and utilities

infrastructure operations, demand for our transportation operations, timber growth cycles; environmental matters; regulatory and political factors within the countries in which the company operates; tenant renewal rates; availability of new tenants to fill office property vacancies; tenant bankruptcies; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; changes in accounting policies to be adopted under IFRS; and other risks and factors detailed from time to time in the company's form 40-F filed with the Securities and Exchange Commission and Management's Discussion and Analysis of Financial Results as well as other documents filed by the company with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

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PART 1
SUMMARY

OUR BUSINESS

Brookfield is a global asset management company with over $100 billion of assets under management.

Our business strategy is to provide world-class asset management services on a global basis, focused on real assets such as property, renewable power and infrastructure assets. Our business model is simple: utilize our global reach to identify and acquire high quality assets at favourable valuations, finance them effectively, and then enhance the cash flows and values of these assets through our leading operating platforms to achieve reliable attractive long-term total returns for the benefit of our partners and ourselves.

We focus on assets and businesses that form part of the critical backbone of economic activity, whether they generate reliable clean electricity, provide high quality office space in major urban markets, or transport goods and resources to or from key locations. These assets and businesses typically benefit from some form of barrier to entry, regulatory regime or other competitive advantage that provides stability in cash flows, strong operating margins and value appreciation over the longer term.

The majority of our assets are invested in high quality commercial office properties, hydroelectric power generating facilities and infrastructure assets. We also develop commercial and residential properties, conduct restructuring, real estate finance and other investment activities through our special situations group; and manage fixed income and equity securities through our public securities operations.

Our business is organized into a number of leading operating groups that we have established over many years, and is comprised of more than 15,000 employees. These groups, with their broad operating capabilities and expertise, enable us to maximize the value of our operating assets, businesses and investments.

We have established a number of private and public entities to enable our clients and other investors to participate with us in the ownership of these assets. Our clients are sovereign wealth funds, pension funds, insurance companies, high net worth individual investors and retail customers on a global basis. This provides us with an important source of additional cash flow and other opportunities to create value that we believe will enable us to increase operating cash flow per share at a faster rate than if we relied solely on deploying our own capital. These activities also provide us with additional capital to pursue a broader range of transactions and expand our operating base without straining our own resources, as well as establishing important relationships with many of the world's premier global investors.

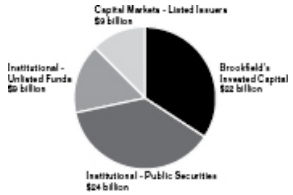
We have two principal financial performance metrics: operating cash flow and total return, both measured on a per share basis. We define total return as the change in underlying value together with distributions to shareholders. Our goal is to achieve cash flow growth and total return over the longer term of between 12% and 15%.

Total assets under management at year end were $108 billion and were underpinned by $64_ billion of capital. We provided approximately $22 billion of this capital from our balance sheet. Institutions have invested $24 billion in our public securities portfolios and $9 billion in our unlisted funds and $9 billion is represented by the equity of various publicly listed issuers that we own and manage. The following charts illustrate the allocation of our assets under management and the related sources of capital:

ASSETS UNDER MANAGEMENT
Total - $108 billion



SOURCES OF CAPITAL
Total - $64 billion



We differ from most other asset management companies in three important ways. The first is the industry leading operating platforms we have built up over many years. Our commitment to maintaining these platforms has enabled us to attract and retain best-in-class people and gives us the capability to maximize the long-term cash flows and values of our assets.

The second difference is our substantial capital base and the significant amount of capital we have committed to the same investment strategies alongside our clients. This invested capital aligns our interests with our clients, generates substantial cash flows to reinvest and provides a solid capitalization to further enhance our role as a reliable sponsor of investment transactions.

The third difference is how we seek to benefit from managing assets for our clients and investment partners. The cash flow that we receive from our capital, and the breadth of our operations allow us to fund our activities without being overly dependent on large base management fee streams to cover the operating costs that we incur. This enables us to seek returns in the form of equity participations or other long-term interests which typically align well with our clients and co-investors.

The following are some of the ways we benefit from our asset management activities:

- In many cases, we are compensated in a traditional manner, which includes a base management fee and some form of incentive return that is based on performance. As noted above, our strong cash flow position allows us to skew our returns towards performance based compensation if we choose.
- In the case of our 50%-owned Canadian Renewable Power Fund, we purchase almost all of the electricity generated by it at a fixed rate. This provides the other investors in the Fund with cash flow stability to support a reliable high payout distribution policy, consistent with the profile of the Fund, and also provides us with additional electricity and an increased opportunity to participate in future increases (or decreases) in electricity prices.
- We list some of our business units on public stock exchanges. For example, we took our Brazil residential business public in 2006 and since then have completed two mergers and two further equity financings. While we earned no direct compensation in respect of the capital provided by other shareholders in the business, these financings enabled us to expand the business into new geographic markets and the important middle-income segment without committing additional capital resources from our own balance sheet. The company had a record year in 2009 and we have benefitted from our participation in these increased returns as an investor. We further augmented the returns of this business for the benefit of all shareholders by utilizing our global franchise to assist it to earn higher returns than otherwise available to another local entity.

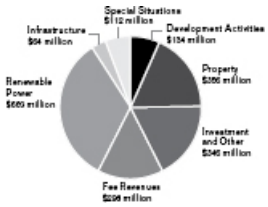
Principal Business Activities and Sources of Operating Cash Flows

As at year-end, we had invested approximately $22 billion alongside our clients and co-investors. This capital generated $2.0 billion of operating cash flow and gains during 2009, prior to interest and operating costs.

Our capital is invested primarily in renewable hydroelectric power plants, commercial office properties in central business districts of major international centres and regulated infrastructure assets. These segments, together with cash and financial assets, represent over 70% of our invested capital and contribute to the strength and stability of our capitalization and underlying values.

BROOKFIELD'S INVESTED CAPITAL[1]
Total - $22 billion

OPERATING CASH FLOW[2]
Total - $2.0 billion



1. **Prior to corporate liabilities**
2. **Prior to interest and operating costs**

Asset Management and Other Service Revenues

Asset management revenues include the fees and performance returns that we earn for managing capital on behalf of investment clients. As noted above, we also receive other benefits that are reflected in our operating returns from our various platforms. We also include a broad range of property services, investment banking and construction services which we provide to customers.

Renewable Power Generation

We have one of the largest privately owned hydroelectric power generating portfolios in the world, located on river systems in the U.S., Canada and Brazil. We have chosen to focus on hydroelectric generation because of the long-life, exceptional reliability and low operating costs of these facilities. As at December 31, 2009, we owned and managed 164 hydroelectric generating stations which generate on average approximately 16,000 gigawatt hours of electricity each year. We also own and operate a 189 megawatt wind energy project as well as two natural gas-fired plants. Overall, our assets have 4,198 megawatts of generating capacity.

Commercial Properties

We own and manage one of the highest quality commercial office portfolios in the world located in major financial, energy and government centre cities in North America, Australasia and Europe. Our strategy is to concentrate our operations in high growth, supply-constrained markets that have high barriers to entry and attractive tenant bases. Our goal is to maintain a meaningful presence in each of our primary markets in order to maximize the value of our tenant relationships. At December 31, 2009, our portfolio consisted of 166 properties containing approximately 95 million square feet of commercial space, which includes a number of high quality shopping centres in Brazil, the United Kingdom and Australia.

Infrastructure

During 2009, we completed a transaction that significantly expanded the scale of our infrastructure operations. Our infrastructure group now manages approximately $15_ billion of total assets in the following sectors: transportation (ports, rail lines); utilities (electrical and natural gas transmission); and timberlands. Our strategy is to acquire and operate high quality assets and operations that provide essential services or products and which generate cash flows that are supported by regulatory regimes or some form of barrier to entry.

Development Activities

We develop commercial properties on a selective basis, and are active in residential development throughout North America, Australasia, Brazil and the United Kingdom. We also develop agricultural lands in Brazil. These activities encompass 41 million square feet of developable commercial space, 61 million square feet of residential condominiums, 123,000 lots for residential land and 370,000 acres of agricultural land. We also conduct development activities within our renewable power generation and timberland activities.

Special Situations

We conduct a wide range of restructuring, real estate finance and bridge lending activities through investment funds with total committed capital of $5.0_ billion. Total invested capital at year end was $6.9_ billion of which our share was $1.6 billion. We also hold a number of investments that are mostly temporary in nature and will be sold once value is maximized or integrated into our core operations or new fund strategies.

Public Securities and Advisory Services

We manage fixed income and equity securities for institutional clients with a focus on the real estate and infrastructure asset classes. Assets under management in this segment totalled $24 billion at year end. We also provide specialized investment banking and transaction advisory services in North America, the United Kingdom and Brazil. The associated revenues are included in asset management revenues. We have minimal capital invested in these activities.

OPERATING PERFORMANCE

Summary

We recorded solid financial and operational performance during 2009, and achieved many of our objectives. We undertook a number of initiatives to protect and enhance the long-term value of our existing businesses and to better position the company to capitalize on opportunities that we expect will arise in the coming years. We invested $2.4_ billion of equity capital in undervalued opportunities which, together with the $1.7 billion invested in similar opportunities in 2008, should provide very favourable returns over the longer term.

Operating cash flow was $2.43 per share. We were pleased with the resiliency of our two largest businesses, renewable power generation and commercial office properties, and the excellent performance of our Brazil residential business. Several of our smaller, more economically sensitive businesses, such as timberlands and our U.S. residential operations, continue to report low levels of cash flow although we believe that they will benefit as the economic recovery continues to take hold. As a result, the increase in cash flow per share was only 4.3%, below our long-term target. We have achieved a 19% growth in cash flow per share, over the past five years, which is a more appropriate time frame for measuring performance in a business such as ours.

Total return during 2009 was $2.49 per share, or 9.4%. Total return consists of our operating cash flows and the impact of unrealized valuation changes on the underlying value of our common equity. We distributed $0.52 of this return to shareholders as common share dividends and the remaining $1.97 is represented by the increase in underlying values from $26.56 per share at the beginning of the year to $28.53 at year-end. We do not have historical information to calculate a long-term growth rate for total return, but will continue to report to you on this basis in the future.

The following table summarizes the underlying values of our invested capital and our share of net operating cash flows generated by our operations over the past two years on a deconsolidated basis:

	Assets Under Management [1]		Brookfield's Invested Capital [1]		Net Operating Cash Flow	
AS AT AND FOR THE YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2009**	2008	**2009**	2008	**2009**	2008
Asset management and other services	**$ 25,386**	$ 19,460	**$ 803**	$ 534	**$ 298**	$ 289
Operating platforms						
Renewable power generation	**15,280**	13,793	**8,318**	8,478	**660**	466
Commercial properties	**32,433**	31,790	**4,841**	4,702	**356**	297
Infrastructure	**15,388**	7,322	**1,546**	1,174	**64**	141
Development activities	**9,010**	6,973	**2,403**	1,426	**134**	60
Special situations	**7,730**	7,162	**1,631**	1,622	**112**	283
Cash and financial assets	**1,996**	2,185	**1,645**	1,903	**346**	425
Other assets	**1,119**	1,068	**945**	771	**—**	—
	$ 108,342	$ 89,753	**22,132**	20,610	**1,970**	1,961
Less: Corporate borrowings/interest			**(2,593)**	(2,284)	**(151)**	(163)
Contingent swap accruals			**(779)**	(675)	**(84)**	(72)
Accounts payable and other/expenses			**(2,028)**	(2,239)	**(253)**	(272)
Capital securities/interest			**(632)**	(543)	**(32)**	(31)
Shareholders' equity – IFRS basis			**16,100**	14,869	**1,450**	1,423
Unrecognized value under IFRS			**1,750**	1,500	**—**	—
Shareholders' equity – underlying value			**$ 17,850**	$ 16,369	**$ 1,450**	$ 1,423
Per share			**$ 28.53**	$ 26.56	**$ 2.43**	$ 2.33

1. At underlying value, excludes accounting provisions for future tax liabilities

Operating Cash Flow

Operating cash flow totalled $1.45 billion for the year compared to a similar result in 2008 and $1.9 billion in 2007. The 2007 results included a particularly large number of disposition gains.

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2009**	2008	2007
Operating cash flow			
Total	**$ 1,450**	$ 1,423	$ 1,907
– Per share	**2.43**	2.33	3.11

Power generating operations produced net operating cash flow of $660 million, a significant increase over the $466 million generated in 2008. This increase reflects $369 million in gains realized on the sale of 50% of renewable assets in Ontario, offset by the impact of lower generation and spot electricity prices. Operating results in 2009 were lower than 2008, which was an exceptional year in terms of both pricing and hydro generation. Short-term electricity prices, which impacted approximately 20% of long-term average generation in 2009, were lower in part because the downturn in the economy led to decreased energy demand. We were able to secure a 20-year power sales agreement in the fourth quarter of 2009 for all of the previously uncontracted output of our Ontario operations on favourable terms, which reduces our reliance on the short-term market. Longer term, we continue to believe that demand and pricing for renewable energy will rise.

Commercial properties produced solid results during 2009. Operating cash flow increased to $356 million from $297 million. The increased contribution reflects a 2% increase in the cash flows from existing properties in local currency terms, reflecting the stability of our leasing profile, as well as the impact of lower interest rates on floating rate debt and improved results from our retail properties. The 2008 results included a higher level of realization and disposition gains as well as a dividend from our interest in Canary Wharf that did not recur in 2009. The overall occupancy level of our properties was 95.3% at year end, with an average lease term of seven years with high quality tenants and average in-place rents that are below comparable average market rents.

These two businesses continue to provide significant stability to our results as they are underpinned by high quality contractual cash flows. This stability has allowed us to grow the business over the last two years. In particular, we expanded our infrastructure operations during the year and meaningfully increased the level of third-party capital allocated to our various fund initiatives, positioning us well for growth as the economy recovers.

Infrastructure operations contributed $64 million in 2009 compared to $141 million in 2008. Timberlands results were $49 million lower as we elected to let our trees grow (and essentially build inventory for future sales at higher prices) rather than selling them at low prices. Transmission results were higher in 2008 due to favourable operating results and the monetization of Brazilian transmission interests. We expect the contribution from this sector to increase meaningfully in 2010 following our acquisition of an $8 billion diversified infrastructure business in late 2009.

Development cash flows increased substantially, to $134 million from $60 million, due to the increased activity and expansion of our Brazilian residential operations as well as the stabilization of asset values in our U.S. residential business.

Special situations cash flows were higher in 2008 than in 2009 as we recorded a number of investment gains during 2008. In addition, we recorded losses from investments in industrial businesses that faced an extremely challenging operating environment during 2009.

The contribution from cash and financial assets in 2008 reflected gains from investment strategies initiated to protect our business from adverse economic circumstances such as widening credit spreads. We eliminated most of these strategies during 2009 as capital markets recovered and, accordingly, did not benefit from gains of this nature in 2009.

Corporate expenses did not change significantly in the year and include the costs associated with running our business, including our asset management activities and carrying charges on corporate financial obligations.

Underlying Values

We are adopting IFRS as our primary basis of presentation in 2010 and, as a result, the carrying values of most of our tangible assets will be revalued periodically based on fair market values. We believe this will be an important indicator of the underlying values of the company and will enable us to report to you on our progress in building value on a total return basis over a very long period of time.

Our invested equity capital was $28.53 per share at year end on an underlying value basis. Underlying values increased by $1.97 per share during 2009, which together with $0.52 of common share dividends paid to shareholders, represents a total return of $2.49, or 9.4%.

The following table presents the changes in underlying value of our common equity (i.e., shareholders' equity excluding preferred shares) during 2009:

AS AT AND FOR THE YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Total	Per Share
Underlying value, IFRS basis – beginning of year	$ 13,999	$ 24.06
Unrecognized value – beginning of year	1,500	2.50
Underlying value – beginning of year	15,499	26.56
Operating cash flow	1,450	2.43
Less: realization gains	(413)	(0.68)
Dividends paid	(341)	(0.56)
Unrealized valuation changes	(1,319)	(2.17)
Foreign currency changes	1,614	2.66
Other	(34)	(0.09)
Changes in unrecognized value during the year	250	0.38
Total changes	1,207	1.97
Underlying value, IFRS basis – end of year	14,956	25.65
Unrecognized value – end of year	1,750	2.88
Underlying value – end of year	$ 16,706	$ 28.53
Impact of a 100 bps change in discount rates on commercial office and renewable power generation values	+/- $ 3,700	+/- $ 6.09

The principal contributors to unrealized valuation changes were increases in the discount rates applicable to our commercial office and renewable power operations, as well as the impact of lower office rents on projected renewals and energy prices on uncontracted power sales. We provide further details on the changes in underlying values within each of our major operating platforms in the relevant platform review section.

Unrecognized values under IFRS include the value relating to assets that cannot be recognized under IFRS, such as land inventory positions that have been held for many years. We estimate these to total $1.75 billion at year end, or $2.88 per share.

Foreign currency changes relate to revaluation of our net capital invested in non-U.S. dollar terms. For example, our renewable power, commercial properties and infrastructure operating platforms manage a substantial amount of capital invested in Canada, Australia and Brazil, and each currency has appreciated against the U.S. dollar during the year by 16%, 27% and 33%, respectively.

The assumptions used in valuing our tangible assets are based on market conditions during 2009 and at year end. We believe that these values would be lower on a liquidation basis (which we have no intention of undertaking) and higher if assessed in the context of normalized economic circumstances.

We provide more details on the assumptions utilized in valuing each of our major asset classes in each of the operating segment reviews. In aggregate, however, we believe that a 100-basis point decrease in the discount rates used to value our two largest asset classes, commercial office properties and renewable power generating facilities, would increase share values by $3.7 billion, or $6.09 per share, for a total value of $34.62 per share. A corresponding 100-basis point increase would have the opposite effect on share values.

Balance Sheet, Liquidity and Capitalization

Our conservative approach to financing enables us to concentrate on running our businesses and executing our strategies. We maintain substantial financial liquidity and finance our operations primarily at the asset level on a long-term, investment grade, non-recourse basis.

We continued to strengthen our balance sheet, liquidity and capitalization during 2009. We completed $4.8 billion of financings, including $700_ million at the corporate level, to supplement our liquidity and extend our maturity profile. We also invested $2.4 billion in our business to provide for further growth and value enhancement.

The following table presents a number of the key metrics we consider in assessing our financial position:

AS AT DECEMBER 31 (MILLIONS)	**2009**	2008
Assets under management	**$ 108,342**	$ 89,753
Invested capital [1]	**22,132**	20,610
Corporate debt [2]	**3,372**	2,959
Core liquidity	**4,048**	3,779
Equity capital [1]	**16,100**	14,869
– Per share	**28.53**	26.56
Debt-to-capitalization		
– Deconsolidated	**15%**	14%
– Proportionately consolidated	**44%**	44%

1. Based on pre-tax underlying values
2. Includes subsidiary obligations guaranteed by the Corporation

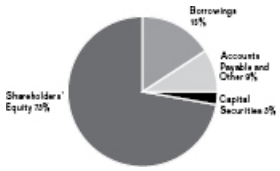
Assets under management measured at underlying values totalled $108 billion at year end, compared to $90 billion at the end of 2008. Assets under management reflect the scale of our operations and the total assets we have working for us and our clients to generate cash flows, operating cash flows and management income.

Invested capital increased by approximately $1.5 billion, or 7%, to $22.1 billion reflecting the increase in our underlying values. The increase in corporate debt principally reflects the impact of a higher Canadian dollar on borrowings denominated in that currency, as well as long-term debt issued during the year.

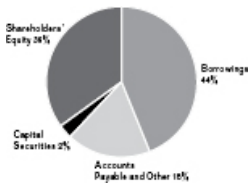
Core liquidity, which represents cash and financial assets and undrawn credit facilities at the Corporation and our principal operating subsidiaries, was approximately $4.0 billion at year end, compared to $3.8 billion at the beginning of 2009. This includes $2.6_ billion at the corporate level and $1.4_ billion at our principal operating units. We continued to maintain a higher level than prior years as we continue to pursue a number of investment initiatives, notwithstanding the capital deployed during the year.

Deconsolidated and proportionately consolidated debt-to-total capitalization ratios were relatively unchanged year-over-year at 15% and 44%, respectively. The average term of our corporate debt is eight years.

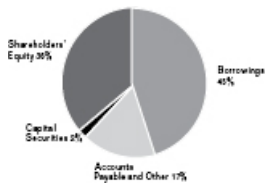
DECONSOLIDATED



PROPORTIONATE CONSOLIDATION



FULL CONSOLIDATION



Fee Revenues and Asset Management Activities

We continued to expand our asset management activities during the year, increasing the number of funds, third-party capital under management and associated revenues. The following table presents key metrics relating to our asset management activities over the past three years:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	2007
Fee and other revenues			
Base management	**$ 131**	$ 134	$ 104
Performance returns and transaction fees	**78**	38	155
	209	172	259
Property and construction services	**89**	117	43
	$ 298	$ 289	$ 302
Third-party capital allocations			
Unlisted fund and specialty issuers	**$ 14,848**	$ 8,843	$ 7,666
Fixed income and real estate securities	**23,787**	18,040	26,237
Listed entities	**8,552**	5,046	5,285
	$ 47,187	$ 31,929	$ 39,188

The contribution from fees increased by $9 million during the year. Performance returns and transaction fees increased by $40 million which was offset by one-time costs incurred in relation to the expansion of our property services business.

Capital managed for others increased to $47 billion from $32 billion. Capital allocated by third-party clients to our unlisted funds and specialty issuers increased by $6.0 billion, reflecting new mandates in property, infrastructure and restructuring.

Capital in our listed entities totalled $8.6 billion at year end including the capital from co-investors in partially-owned public companies at underlying value. The increase of $3.5 billion was primarily the result of public offerings by our North American and Brazilian property companies and the expansion of our listed infrastructure businesses.

Net Income

The following table presents net income for the past three years determined in accordance with Canadian GAAP. We do not utilize net income as a key metric in assessing the performance of our business because, in our view, it contains measures that may distort the ongoing performance and intrinsic value of the underlying operations. Nevertheless we recognize the importance of net income as a key measure for many users and provide a discussion of net income and a reconciliation to operating cash flow on page 55 of this MD&A.

The following table reconciles operating cash flow and gains to net income for the past three years:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2009**	2008	2007
Operating cash flow and gains	**$ 1,450**	$ 1,423	$ 1,576
Depreciation and other non-cash provisions, net of non-controlling interests	**(996)**	(774)	(789)
Net income	**$ 454**	$ 649	$ 787
– Per share (diluted)	**$ 0.71**	$ 1.02	$ 1.24

Items not included in operating cash flow include non-cash items such as depreciation and amortization, accounting provisions in respect of future tax liabilities and other revaluation items that we do not consider appropriate to include in operating cash flow. These items are presented net of interests of others in partially owned business units.



OPERATING PLATFORMS

Renewable Power Generation

Highlights:

- Generated cash flow of $660 million, including $369 million of realization gains, compared to $466 million in 2008;
- Merged remaining directly-held Canadian renewable facilities into 50%-owned Brookfield Renewable Power Fund, establishing premier listed renewable energy company and generating $525 million of liquidity;
- Secured 20-year contract for all previously uncontracted Ontario generation with attractive, fixed rate indexed pricing to increase stability of cash flows;
- Invested $120 million to expand our operating base through development activities;
- Completed approximately $1.0 billion of unsecured and project financings to extend maturity profile and optimize returns for shareholders.

The following table presents certain key metrics that we consider in assessing the performance of our power business:

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2009	
Realized price	**$ 70 Per MWh**
Annual generation	**15,819 GWh**
Long-term average generation	**15,599 GWh**
% of contracted (2010) revenue	
– Total	**84%**
– Long-term contracts	**70%**
Duration of long-term contracts	**14 years**
Debt to capitalization	**38%**

Business Development

During the year we transferred the remainder of our directly held Canadian operations to 50%-owned Brookfield Renewable Power Fund in two separate transactions. The fund in turn raised C$760 million in two equity issues, of which we purchased C$380 million to maintain our 50% ownership interest in the fund. As a result, all of our Canadian renewable energy facilities are now owned by this company and we generated $525 million of liquidity. At year-end, the fund had an equity market capitalization, including our 50% interest, of approximately $1.9 billion, making it the premier Canadian listed renewable energy company. This resulted in $369 million of realization gains, representing 50% of the difference between the transaction value and our historical book values.

During the fourth quarter we entered into a 20-year power sales agreement with the Ontario Power Authority for the previously uncontracted output of our Ontario operations, which is approximately 2,300 gigawatt hours annually. The contract has a base price plus an additional amount in respect of on-peak production, both of which escalate annually on a predetermined basis. We are entitled to retain any ancillary revenues such as capacity payments and carbon credits. This agreement increased the amount of generation currently under long-term contract from 51% to approximately 70% and reduces our reliance on shorter-term contracts, consistent with our objectives that we set a few years ago.

We invested $120 million during the year to expand our operating base through a number of development initiatives including two facilities commissioned in Brazil with total capacity of 59 megawatts, and the expected commissioning of another 26 megawatt facility in Brazil in the first half of 2010. We also continued to advance development of a 50 megawatt wind energy project in Ontario and have now secured all of the necessary construction, credit and energy sales agreements to proceed to completion, which is expected at the end of 2010.

Summarized Financial Results

The following table summarizes our capital invested in our renewable power operations during 2009 and 2008 and our share of the operating cash flows:

	Assets Under Management		Underlying Value		Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	**2009**	2008
Hydroelectric generation	**$ 13,222**	$ 11,839	**$ 13,222**	$ 11,839	**$ 705**	$ 796
Other forms of generation	**412**	346	**412**	346	**64**	90
Facilities under development	**230**	253	**230**	253	**—**	—
Realization gains	**—**	—	**—**	—	**369**	—
	13,864	12,438	**13,864**	12,438	**1,138**	886
Other assets, net	**1,416**	1,355	**577**	785	**(25)**	(21)
Financial leverage	**—**	—	**(5,275)**	(4,240)	**(342)**	(313)
Co-investor interests	**—**	—	**(848)**	(505)	**(111)**	(86)
Brookfield's net interest	**$ 15,280**	$ 13,793	**$ 8,318**	$ 8,478	**$ 660**	$ 466

Operating Results

Variances in our cash flows are primarily the result of changes in the prices that we realize for our power and the level of water flows, which determines the amount of electricity that we can generate from our hydroelectric facilities.

The following table presents operating cash flows by principal region during 2009 and 2008:

	2009				2008			
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**Total**	**Interest Expense**	**Co-investor Interests**	**Net**	Total	Interest Expense	Co-investor Interests	Net
Hydroelectric								
United States	**$ 362**	**$ 145**	**$ 33**	**$ 184**	$ 397	$ 151	$ 29	$ 217
Canada	**184**	**68**	**69**	**47**	271	72	49	150
Brazil	**159**	**53**	**9**	**97**	128	36	8	84
	705	**266**	**111**	**328**	796	259	86	451
Other generation	**64**	**16**	**—**	**48**	90	14	—	76
Realization gains	**369**	**—**	**—**	**369**	—	—	—	—
	1,138	**282**	**111**	**745**	886	273	86	527
Other	**(25)**	**60**	**—**	**(85)**	(21)	40	—	(61)
	$ 1,113	**$ 342**	**$ 111**	**$ 660**	$ 865	$ 313	$ 86	$ 466

The results from our Canadian operations declined by $103 million due to lower generation, lower spot electricity prices and a lower average currency during the year. In the United States, lower prices were offset by higher generation levels while Brazil reflects expanded capacity.

Realized Prices – Hydroelectric Generation

The following table illustrates revenues and operating costs for our hydroelectric facilities:

FOR THE YEARS ENDED DECEMBER 31 (GIGAWATT HOURS AND $ MILLIONS)	2009 Production (GWh)	2009 Realized Revenues	2009 Operating Costs	2009 Operating Cash Flows	2008 Production (GWh)	2008 Realized Revenues	2008 Operating Costs	2008 Operating Cash Flows
United States	**6,881**	**$ 494**	**$ 132**	**$ 362**	6,681	$ 551	$ 154	$ 397
Canada	**4,723**	**289**	**105**	**184**	5,277	360	89	271
Brazil	**2,860**	**227**	**68**	**159**	2,267	182	54	128
Total	**14,464**	**$ 1,010**	**$ 305**	**$ 705**	14,225	$ 1,093	$ 297	$ 796
Per MWh		**$ 70**	**$ 21**	**$ 49**		$ 77	$ 21	$ 56

The average realized price per unit of electricity sold in 2009 declined to $70 per megawatt hour ("MWh") from $77 per MWh in 2008 due to the impact of lower spot prices on the portion of generation that we leave unhedged so as to manage variability in water flows. In addition, the above average water flows resulted in a larger amount of unhedged generation which reduced the average realized price, although it did result in additional revenues overall. This had the opposite effect in 2008 because excess generation was sold at prices higher than previously contracted sales which increased the average realized price.

Realized prices also include ancillary revenues from selling capacity reserves and from re-contracting power sales into higher priced markets. Lower realized prices contributed $102 million to the overall negative variance in the contribution from hydroelectric facilities, of which $28 million was due to a lower level of ancillary revenues and other power sales initiatives, $34 million of which reflected the impact of lower spot prices on unhedged electricity sales and the remaining $40 million reflected the impact of foreign currency fluctuation relative to the U.S. dollar. Operating costs were unchanged on a per unit basis.

Generation

The following table summarizes generation over the past two years:

					Variance of Results		
	Actual Production		Long-Term Average		vs. Long-term Average		Actual vs. Prior Year
FOR THE YEARS ENDED DECEMBER 31 (GIGAWATT HOURS)	**2009**	2008	**2009**	2008	**2009**	2008	**2009**
Existing capacity	**13,128**	13,532	**12,438**	12,465	**690**	1,067	**(404)**
Acquisitions – during 2008 and 2009	**1,336**	693	**1,391**	730	**(55)**	(37)	**643**
Total hydroelectric operations	**14,464**	14,225	**13,829**	13,195	**635**	1,030	**239**
Wind energy	**433**	456	**506**	534	**(73)**	(78)	**(23)**
Co-generation and pump storage	**922**	1,249	**1,264**	1,264	**(342)**	(15)	**(327)**
Total generation	**15,819**	15,930	**15,599**	14,993	**220**	937	**(111)**

Hydroelectric generation was 239 gigawatt hours above the production levels of 2008 as the overall base of generation grew in the year through acquisition and development. Generation in 2008 exceeded long-term average by 8% compared to 5% in 2009, although storage levels were 13% above usual levels at year end. The increased storage levels reflect our decision to shift production into the first quarter of 2010 in anticipation of higher prices. The higher generation levels impacted operating cash flows by $11 million over the year, compared to 2008.

The following table presents the capital invested in our hydroelectric facilities by major geographic region based on underlying values:

AS AT DECEMBER 31, 2009 (MILLIONS)	2009 Consolidated Assets	2009 Consolidated Liabilities	2009 Co-investor Interests	2009 Net Invested Capital	2008 Consolidated Assets	2008 Consolidated Liabilities	2008 Co-investor Interests	2008 Net Invested Capital
Hydroelectric								
United States	**$ 6,044**	**$ 2,035**	**$ 158**	**$ 3,851**	$ 6,286	$ 2,056	$ 163	$ 4,067
Canada	**5,069**	**1,475**	**630**	**2,964**	4,248	1,150	297	2,801
Brazil	**2,109**	**621**	**60**	**1,428**	1,305	379	45	881
	$ 13,222	**$ 4,131**	**$ 848**	**$ 8,243**	$ 11,839	$ 3,585	$ 505	$ 7,749

Non-hydroelectric Generation

Cash flows from our non-hydro facilities, as shown in the following table, decreased due to lower generation levels at our pump storage and gas fired facilities which was in response to lower price differentials between peak and off-peak pricing and the expiry of favourable gas supply contracts.

FOR THE YEARS ENDED DECEMBER 31 (GIGAWATT HOURS AND $ MILLIONS)	2009 Actual Production	2009 Realized Revenues	2009 Operating Costs	2009 Operating Cash Flows	2008 Actual Production	2008 Realized Revenues	2008 Operating Costs	2008 Operating Cash Flows
Co-generation and pump storage	**922**	**$ 110**	**$ 76**	**$ 34**	1,249	$ 156	$ 98	$ 58
Wind energy	**433**	**36**	**6**	**30**	456	40	8	32
Total	**1,355**	**$ 146**	**$ 82**	**$ 64**	1,705	$ 196	$ 106	$ 90
Per MWh		**$ 108**	**$ 61**	**$ 47**		$ 115	$ 62	$ 53

Underlying Value

The underlying value of our power generation operations was $8.3 billion as at December 31, 2009 after deducting borrowings and minority interests. The following table presents the major changes in underlying value during 2009:

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2009 (MILLIONS)	
Underlying value – beginning of year	**$ 8,478**
Operating cash flow	**660**
Less: realization gains	**(369)**
Unrealized valuation change	**(188)**
Capital distributed	**(962)**
Foreign exchange	**795**
Working capital and other	**(96)**
Underlying value – end of year	**$ 8,318**

The key valuation metrics of our hydro and wind generating facilities at the end of 2009 and 2008 are set out in the following tables:

	United States		Canada		Brazil	
AS AT DECEMBER 31	**2009**	2008	**2009**	2008	**2009**	2008
Discount rate	**8.2%**	8.0%	**7.3%**	7.7%	**11.0%**	10.4%
Terminal capitalization rate	**8.4%**	8.2%	**7.9%**	8.1%	**11.0%**	10.4%
Exit date	**2029**	2028	**2029**	2028	**2029**	2028

The valuations are impacted primarily by the discount rate and long-term power prices. A 100-basis point change in the discount and terminal capitalization rates and a $10.00 change in long-term power prices will impact the value of our net invested capital by $2.2 billion and $0.7 billion, respectively.

Contract Profile

Approximately 84% of our 2010 long-term average generation is hedged from fluctuating energy prices which provides us with significant certainty in respect of energy revenues, notwithstanding variable water levels.

The following table sets out the profile of our contracts over the next five years from our existing facilities, assuming long-term average hydrology:

	Years ended December 31				
	2010	2011	2012	2013	2014
Generation (GWh)					
Contracted					
Power sales agreements					
Hydro	9,967	9,599	8,839	8,604	8,603
Wind	535	685	685	685	685
Gas and other	397	396	398	398	134
	10,899	10,680	9,922	9,687	9,422
Financial contracts	2,216	—	—	—	—
Total contracted	13,115	10,680	9,922	9,687	9,422
Uncontracted	2,490	5,213	5,999	6,225	6,245
Long-term average generation	15,605	15,893	15,921	15,912	15,667
Contracted generation – as at December 31, 2009					
% of total generation	84%	67%	62%	61%	60%
Revenue ($millions)	1,075	887	852	845	820
Price ($/MWh)	82	83	86	87	87

We increased the percentage of expected power generation sold under contract in 2010 from 70% to 84% and by approximately 15% in the years 2011 through 2014. This was due primarily to the OPA sales agreement, which covers approximately 2,300 GWh of expected annual production from our Ontario facilities and represents 15% of our expected overall generation. The average selling price for contracted power increases to $87 per megawatt hour from $82 per megawatt hour over the next five years, reflecting contractual step-ups in long duration contracts with locked-in prices and the expiry of lower priced contracts during the period as well as the new long-term contract with Ontario Power.

Financing

We completed $1.3 billion of financings during the year, including $663 million of corporate unsecured financings with terms of three to seven years and $490 million of project level financings. These extended the average term of financing to ten years. The debt to capitalization based on underlying values was 38%. The corporate unsecured notes bear interest at an average rate of 6.3%, have an average term of seven years and are rated BBB by S&P, BBB (high) by DBRS and BBB by Fitch.

Our average cost of debt was 7.2% at year-end, compared to 6.9% at the end of 2008. With the exception of bank borrowings and a $125 million project level financing, all of our North American financings are fixed rate. Interest rates on our Brazilian financings are all at floating rates.

The maturity profile of borrowings within our power operations on a proportionate basis is set out in the following table:

	Proportionate					Consolidated
AS AT DECEMBER 31, 2009 (MILLIONS)	2010	2011	2012	2013 & After	Total	Total
Unsecured						
Bank facilities	$ 28	$ 122	$ —	$ —	$ 150	$ 150
Term debt	—	—	380	614	994	994
Project specific						
Canada	201	18	122	515	856	1,475
United States	125	34	319	1,242	1,720	2,035
Brazil	41	43	58	461	603	621
	$ 395	$ 217	$ 879	$ 2,832	$ 4,323	$ 5,275
% of total outstanding	9%	5%	20%	66%	100%	100%

The 2010 project maturities include a $95 million first mortgage on a New England facility put in place three years ago, and $200 million backed by our Canadian facilities which we refinanced in early 2010 with a C$250 million perpetual preferred share issue. Maturities in 2012 include a C$400 million public bond that we expect to refinance in the normal course given the cash flows and ratings profile of the business.

Commercial Properties

Highlights:

- Generated cash flow of $356 million versus $297 million in 2008;
- Leased 4.6 million square feet in North America in 2009, approximately twice the amount scheduled to expire at an average rate of $21 per square feet, replacing expiring leases with an average rate of $17 per square foot;
- Global occupancy level of 95.3% (2008 – 96.9%);
- Completed $2.8 billion of financings, including common and preferred equity, corporate debt and mortgages;
- Disposed of non-core properties for proceeds of $272 million to provide capital for redeployment; and
- Established $5 billion investment consortium to invest in turnaround real estate investments.

The following table presents certain key metrics that we consider important in assessing the performance of our commercial properties operations:

AS AT DECEMBER 31, 2009	
Occupancy	**95%**
Average lease term	**7.2 years**
Average “in-place” rental rate	**$ 27 /sq. ft.**
Average “market” rental rate	**$ 30 /sq. ft.**
Average financing term	**4 years**
Debt to capitalization	**57%**

Business Development

We leased 4.6 million square feet in our core North American portfolio during 2009 at an average net rent of $21.41 per square foot, representing a 24% premium over the expiring leases, leading to increased in-place rent. We continue to manage our portfolios and tenant relationships on a proactive basis which can lead to opportunities to re-lease space for increased yields while minimizing vacancies.

In our commercial office development activities, we concentrated our efforts and capital on properties that were well leased and well advanced in the development process. We completed seven properties in Australia, United States and Canada at a total cost of $755 million. We have one building under construction in Perth that is 82% pre-leased to BHP Billiton, the world’s largest mining company. Overall, we added 2.1 million square feet to our portfolio and the occupancy of these properties upon completion totalled 92%. On a full year basis, these buildings should add $53 million of operating income to our earnings.

We recapitalized a portfolio of Australian office properties owned within a managed fund and increased our interest from 22% to 68%. This portfolio, which encompasses approximately one million square feet and is 99% leased, is now included in our operating portfolio.

Financings completed during the year totalled $2.8 billion, including $785 million of common and preferred equity raised from minority shareholders in our North American operations. These actions significantly strengthened the capitalization and liquidity of these operations and position us well to pursue investment opportunities and manage forthcoming debt maturities.

Summarized Financial Results

The following table summarizes the capital invested by us in our commercial properties operations based on underlying values and our share of the operating cash flows:

	Assets Under Management		Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	**2009**	2008
Office properties						
North America	**$ 19,477**	$ 20,479	**$ 16,932**	$ 19,124	**$ 1,332**	$ 1,334
Australia	**3,845**	3,889	**2,699**	1,418	**186**	170
Europe	**1,062**	919	**1,062**	919	**31**	69
Realization gains	**—**	—	**—**	—	**89**	151
	24,384	25,287	**20,693**	21,461	**1,638**	1,724
Working capital	**2,336**	1,702	**1,105**	418	**(71)**	(23)
Mortgage debt	**—**	—	**(13,169)**	(12,122)	**(651)**	(793)
Subsidiary debt	**—**	—	**(259)**	(267)	**(35)**	(62)
Capital securities	**—**	—	**(1,009)**	(882)	**(53)**	(57)
Co-investor interests	**—**	—	**(3,857)**[1]	(4,937)[1]	**(496)**[2]	(485)[2]
	26,720	26,989	**3,504**	3,671	**332**	304
Development properties	**2,489**	2,092	**791**	470	**—**	—
Retail properties	**3,224**	2,709	**546**	561	**24**	(7)
Brookfield's net interest	**$ 32,433**	$ 31,790	**$ 4,841**	$ 4,702	**$ 356**	$ 297

1. Includes $415 million (2008 – $711 million) of co-investor interests that are classified as liabilities for accounting purposes
2. Includes $47 million (2008 – $23 million) attributable to co-investor interests classified as interest expense for accounting purposes

Commercial Office Properties

Operating Cash Flows

Variances in our cash flows are primarily the result of changes in contracted rental rates, occupancy levels and financing costs, each of which is described in more detail below.

The following table sets out the variances in operating cash flows:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	Variance
Existing properties (assuming no change in foreign exchange rates)			
United States	**$ 1,130**	$ 1,114	$ 16
Canada	**216**	208	8
Australasia	**189**	170	19
United Kingdom	**37**	38	(1)
	1,572	1,530	42
Developed or sold properties	**18**	12	6
Dividend from Canary Wharf	**—**	31	(31)
Realization gains and other	**125**	237	(112)
Impact of current year change in foreign exchange rates	**(33)**	—	(33)
Total operating cash flow	**1,682**	1,810	(128)
Interest expense and other	**(923)**	(1,044)	121
Co-investor interests	**(449)**	(462)	13
Impact of current year change in foreign exchange rates	**22**	—	22
Net operating cash flow	**$ 332**	$ 304	$ 28

Cash flow from existing properties prior to changes in foreign exchange rates and asset additions and dispositions increased by $35 million or 2% during the year which is to be expected given the stable nature of our long-term lease portfolio and the high credit quality of our tenants.

Disposition gains occurred largely in our North American portfolio. In 2009, we sold two properties in Washington D.C. in the fourth quarter realizing $50 million in gains ($25 million net of co-investor interests) and in 2008 we realized a $164 million ($80 million net of co-investor interests) gain from the sale of a partial interest in the Canada Trust office property in Toronto.

Interest expense decreased by $121 million over 2008 due largely to the impact of lower interest rates on floating rate debt in both North America and Australia. We continue to look for opportunities to lock in lower short-term rates in respect of future financings.

The following table shows the sources of operating cash flow by geographic region:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009 Total	2009 Interest Expense	2009 Co-investor Interests	2009 Net	2008 Total	2008 Interest Expense	2008 Co-investor Interests	2008 Net
North America	**$ 757**	**$ 384**	**$ 176**	**$197**	$ 781	$ 420	$ 182	$179
U.S . Core office fund	**575**	**221**	**280**[1]	**74**	553	310	182[1]	61
Realization gains	**89**	**—**	**45**	**44**	151	—	76	75
Australasia	**193**	**95**	**19**	**79**	164	148	41	(25)
Europe	**32**	**38**	**—**	**(6)**	38	34	—	4
Dividend from Canary Wharf	**—**	**—**	**—**	**—**	31	—	—	31
Unallocated costs	**36**	**115**	**(23)**	**(56)**	92	109	4	(21)
	$1,682	**$ 853**	**$ 497**	**$332**	$1,810	$ 1,021	$ 485	$304

1. Includes $47 million (2008 – $23 million) attributable to co-investor interests that are classified as interest expense for accounting purposes

Financial Profile

The following table presents capital invested in our office properties by region:

AS AT DECEMBER 31 (MILLIONS)	2009 Consolidated Assets	2009 Consolidated Liabilities	2009 Co-Investor Interests	2009 Net Invested Capital	2008 Consolidated Assets	2008 Consolidated Liabilities	2008 Co-Investor Interests	2008 Net Invested Capital
Office properties								
North America	**$ 11,553**	**$ 7,438**	**$ 2,150**	**$ 1,965**	$ 11,565	$ 7,447	$ 2,073	$ 2,045
U.S . Core Office Fund	**7,147**	**5,457**	**1,244**[1]	**446**	8,234	5,494	2,200[1]	540
Australasia	**3,770**	**2,653**	**463**	**654**	2,534	1,518	424	592
Europe	**1,103**	**664**	**—**	**439**	932	438	—	494
	$ 23,573	**$ 16,212**	**$ 3,857**	**$ 3,504**	$ 23,265	$ 14,897	$ 4,697	$ 3,671

1. Includes $415 million (2008 – $711 million) of co-investor interests that are classified as liabilities for accounting purposes

Consolidated office property assets increased to $23.6 billion from $23.3 billion. Consolidated assets and liabilities within our Canadian and Australian operations increased due to higher currency exchange rates and the addition of four properties in Australia previously included in commercial developments that reached practical completion during the year. In addition, net invested capital increased in Australia due to reduced debt levels. This was offset by a reduction in capital in North America due to the monetization of two Washington properties in the fourth quarter of 2009.

During the year we completed $2.1 billion of financings to refinance existing properties. In North America, core office property debt at December 31, 2009 had an average interest rate of 4.8% (December 31, 2008 – 5.1%) and an average term to maturity of four years. In Australia, core office property debt had an average interest rate of 5.6% (December 31, 2008 – 6.5%) and an average term of two years.

Underlying Value

The following table illustrates the changes in underlying value of our commercial office interests during the year:

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2009 (MILLIONS)	Total
Underlying value – beginning of year	$ 3,671
Operating cash flow	332
Less: realization gains	(44)
Unrealized valuation change	(1,073)
Capital (distributed)/contributed	184
Foreign exchange	367
Working capital and other	67
Underlying value – end of year	$ 3,504

The key valuation metrics of our commercial office properties at the end of 2009 and 2008 are set out as follows:

	United States		Canada		Australia		United Kingdom	
AS AT DECEMBER 31	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Discount rate	**8.8%**	8.6%	**7.4%**	7.3%	**9.3%**	8.4%	**9.6%**	9.6%
Terminal capitalization rate	**6.9%**	7.0%	**6.7%**	6.6%	**7.8%**	6.8%	**n/a**	n/a
Exit date	**2019**	2018	**2019**	2018	**2019**	2018	**n/a**	n/a

The valuations are most sensitive to changes in the discount rate. A 100-basis point change in the discount rate and terminal capitalization rate results in an aggregate $1.5 billion change in our common equity value after reflecting the interests of minority shareholders.

Leasing Profile

Our total portfolio worldwide occupancy rate in our office properties at the end of 2009 decreased to 95.3% compared to 96.9% at December 31, 2008. The average term of the leases was seven years, unchanged from the prior year.

					Expiring Leases (000's sq. ft.)						
AS AT DECEMBER 31, 2009	% Leased	Average Term	Net Rental Area	Currently Available	2010	2011	2012	2013	2014	2015	2016+
North American markets											
United States	94%	7.1	42,765	2,766	1,394	2,723	3,546	7,145	2,913	4,034	18,244
Canada	99%	6.8	16,561	229	851	1,284	1,154	3,425	512	2,617	6,489
Australia	97%	7.5	8,882	248	344	567	361	327	708	820	5,507
United Kingdom	100%	17.1	556	—	—	—	—	—	—	—	556
Total/Average	95%	7.2	68,764	3,243	2,589	4,574	5,061	10,897	4,133	7,471	30,796
Percentage of Total			100%	5%	4%	6%	7%	16%	6%	11%	45%

As at December 31, 2009, the average term of our in-place leases in North America was seven years. Annual lease expiries average 9% over the next four years with only 4% expiring in 2010. Average in-place net rents across the North American portfolio have increased to $24 per square foot from $23 at the end of last year, and represent a discount of approximately 15% to the average market rent of $27 per square foot. This discount provides greater assurance that we will be able to maintain or increase our net rental income in the coming years as we did in the current year.

Average in-place rents in our Australian portfolio are A$47 per square foot, approximately 13% below market rents, and 12% higher than the average in-place rent of A$42 per square foot at the end of 2008. During the year we leased 0.2 million square feet of space at higher rates than the expiring leases. The occupancy rate across the portfolio remains high at 97% and the weighted average lease term is approximately eight years. Our fifteen largest tenants have a weighted average lease life of nine years and account for approximately 70% of our leaseable area. These tenants have an average rating profile of A+.

The high quality of our properties has enabled us to sign long-term leases with high quality tenants that have strong credit profiles. The contractual terms of these leases provide a high level of assurance that rents will be paid as expected unless a bankruptcy event occurs. Notwithstanding the recent economic turmoil, only 700,000 square feet, representing approximately 1% of our net rentable area, were returned to us as a result of credit events, and we subsequently re-leased approximately 90% of this space at equivalent or better rents. Furthermore, the competitive positions of our properties in their respective markets enable us to attract new tenants from lower quality buildings to fill any excess in vacant space and we are in active negotiations to lease the remainder of the space returned.

With the exception of 2013, where we have a large lease maturity with Bank of America/Merrill Lynch, no more than 7% of our total net rental area expires in any year prior to 2015 and we expect to roll over most of this space with the existing tenants and do not anticipate undue difficulty locating replacement tenants for the balance. The high quality and location of our buildings give us a high degree of confidence in this regard. Our net exposure to Bank of America/Merrill Lynch space is 1.6 million square feet, or 0.8 million square feet when reflecting our 50% ownership interest in our North American property operations. We are engaged in active discussion with Bank of America/Merrill Lynch and the sub-lease tenants to secure new leasing arrangements for this space well in advance of the 2013 maturity.

Financing

We raised a total of $2.8 billion in financings and property dispositions during 2009, including extensions and renewals and excluding capital contributed by the Corporation:

FOR THE YEAR ENDED DECEMBER 31, 2009 (MILLIONS)	
Corporate bank facilities	**$ 751**
Mortgages	**1,273**
Preferred shares	**265**
Common shares	**520**
	$ 2,809

We hold substantial liquidity within these operations, principally at our North American property subsidiary.

We finance our commercial office operations primarily with non-recourse mortgages and equity from our co-investors. We supplement this with appropriate levels of subsidiary borrowings and capital securities (which are preferred shares classified as liabilities for accounting purposes) in order to create a levelized capitalization profile to offset mortgage amortization.

The weighted average rates on our borrowings, inclusive of capital securities, by principal operating region are as follows:

	2009			2008		
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**Average Borrowings**	**Interest Expense**	**Yield**	Average Borrowings	Interest Expense	Yield
North America	**$ 12,179**	**$ 605**	**5%**	$ 12,931	$ 730	6%
Australia	**1,614**	**95**	**6%**	1,635	148	6%
United Kingdom	**672**	**38**	**6%**	583	34	6%
	$ 14,465	**$ 738**	**5%**	$ 15,149	$ 912	6%

Excluding our U.S. Core Fund, fixed rate financings comprise approximately 53% of our North American borrowings. The Australian financing market consists primarily of shorter-dated floating rate mortgages, however we are exploring ways to lock in interest costs at attractive prices.

The following table presents the maturity profile of our commercial office portfolio on a proportionate basis:

	Proportionate					Consolidated
AS AT DECEMBER 31, 2009 (MILLIONS)	2010	2011	2012	2013 & After	Total	Total
Subsidiary level						
North America	$ 49	$ —	$ —	$ —	$ 49	$ 100
United Kingdom	—	159	—	—	159	159
	49	159	—	—	208	259
Asset specific						
North America	41	1,146	151	2,470	3,808	11,167[1]
Australia	566	405	678	309	1,958	1,958
United Kingdom	—	—	—	459	459	459
	607	1,551	829	3,238	6,225	13,584
	$ 656	$ 1,710	$ 829	$ 3,238	$ 6,433	$ 13,843
% of total outstanding	10%	27%	13%	50%	100%	100%

1. Includes $415 million of liabilities that are classified as co-investor interests in our segmented disclosures.

Commercial property financings are secured by high quality office buildings on an individual or, in certain circumstances, pooled basis. Many of the financings which mature in the next three years were arranged a number of years ago and, accordingly, represent a low loan-to-value. As a result, we continue to refinance most of these maturities in the normal course at similar or higher levels.

We have minimal financing requirements in North America, Europe and Brazil in 2010. We have very few maturities in our North American operations over the next three years relative to the scale of our business, with the exception of $3.7 billion of aggregate maturities within our U.S. Core Fund that mature in October 2011. Our proportionate share of these borrowings is $855 million, taking into consideration the interests of our investment partners, and consists of $648 million of property-specific mortgages and $210 million secured by a pool of commercial properties. Operating cash flows from the assets managed by us within the portfolio have improved by 37% based on in-place leases since acquiring the portfolio, which have improved the credit metrics of the portfolio. Nevertheless, our business plans permit us to deleverage the portfolio between now and maturity and we raised considerable equity capital with this in mind.

In Australia, we have three asset-specific financings coming due in 2010 which are all backed by high quality buildings which have an average lease duration of eight years and 99% occupancy levels. Accordingly, although the Australian property market typically utilizes shorter duration financing, we are comfortable that we can roll over all the debt in the normal course and on a long-term basis where possible. We also have a subsidiary borrowing of $588 million that matures in 2010 within our Australian operations which we are in the process of refinancing at a reduced level as part of establishing a long-term capitalization for this business.

Commercial Office Development Properties

The following table presents capital invested in our commercial office development activities by region based on underlying values:

	2009				2008			
AS AT DECEMBER 31	**Consolidated Assets**	**Consolidated Liabilities**	**Co-investor interests**	**Net Invested Capital**	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
North America								
Bay Adelaide Centre, Toronto	**$ 692**	**$ 367**	**$ 163**	**$ 162**	$ 510	$ 226	$ 142	$ 142
Ninth Avenue, New York	**286**	**227**	**30**	**29**	269	227	21	21
Other	**487**	**—**	**244**	**243**	295	60	118	117
Australia								
Macquarie Tower	**—**	**—**	**—**	**—**	230	173	—	57
City Square	**247**	**186**	**—**	**61**	94	75	—	19
Other	**777**	**481**	**—**	**296**	694	580	—	114
	$ 2,489	**$ 1,261**	**$ 437**	**$ 791**	$ 2,092	$ 1,341	$ 281	$ 470

We opened Bay Adelaide Centre for occupancy during the year and it is currently 74% leased. All major construction work has been completed ahead of schedule and under budget and the property will be transferred into our operating portfolio in the first quarter of 2010.

We own development rights on Ninth Avenue between 31st Street and 33rd Street in New York City which is entitled for 5.4 million square feet of commercial office space. We will commence construction of this property once the necessary pre-leasing has occurred, similar to our strategy with other commercial developments.

In Australia, we completed the Macquarie Tower and three other properties during the year and transferred them to our operating portfolios. The buildings are 100% leased in aggregate. We continue development of the City Square project in Perth, which has a total projected construction cost of A$864 million, is 82% pre-leased to BHP Billiton and is scheduled for completion in August 2012.

Property-specific financing includes debt secured by Bay Adelaide Centre in North America as well as debt associated with developments in Australia and the United Kingdom, all of which we expect to refinance on a long-term basis once the properties are fully completed.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Invested Capital		Operating Cash Flow	
	2009	2008	**2009**	2008
Retail properties	**$ 2,774**	$ 2,329	**$ 172**	$ 152
Working capital/operating costs	**11**	(177)	**(19)**	(15)
Borrowings/interest expense	**(1,580)**	(1,186)	**(104)**	(155)
Co-investor interests	**(659)**	(405)	**(25)**	11
	$ 546	$ 561	**$ 24**	$ (7)

Operating cash flows prior to debt service and co-investor interests increased to $172 million in 2009 from $152 million in 2008. We benefitted from reduced debt levels, lower short-term interest rates and currency appreciation. Many of the properties continue to undergo significant redevelopment, which continued to reduce net rent and increased costs during the year, but positions the portfolio well for cash flow growth going forward.

The following table presents the capital we have invested in our retail operations based on underlying values:

AS AT DECEMBER 31 (MILLIONS)	**2009**				2008			
	Consolidated Assets	**Consolidated Liabilities**	**Co-Investor Interests**	**Net Invested Capital**	Consolidated Assets	Consolidated Liabilities	Co-Investor Interests	Net Invested Capital
Brazil	**$ 2,275**	**$ 1,406**	**$ 659**	**$ 210**	$ 1,713	$ 1,168	$ 405	$ 140
United Kingdom	**305**	**256**	**—**	**49**	389	257	—	132
Australia	**644**	**357**	**—**	**287**	607	318	—	289
	$ 3,224	**$ 2,019**	**$ 659**	**$ 546**	$ 2,709	$ 1,743	$ 405	$ 561

Consolidated assets and net invested capital increased during the year due to higher currency rates across all jurisdictions. We also invested an additional $43 million of capital in our Brazilian business. The average duration of financing on our properties is 5 years and $383 million as a proportionate share matures in 2010 and 2011.

Infrastructure

Highlights:

- Acquired $8 billion of global infrastructure assets focused on the utility and transportation sectors;
- Funded the acquisition with $1.8 billion of equity capital, of which Brookfield's share totalled approximately $400 million;
- Established three private infrastructure funds with $1.9 billion of total commitments;
- Completed sale of Brazil transmission interests for $275 million and a 32% return;
- Secured mandate to build $500 million transmission project in Texas;
- Completed $0.5 billion of debt financings; and
- Produced $64 million of operating cash flow despite challenging conditions in our timber operations.

Business Development

We acquired an $8 billion portfolio of global infrastructure assets consisting primarily of utility and transportation businesses which significantly expanded the breadth of our operations and assets under management in this segment (the "Prime Acquisition"). The acquisition was completed by our principal infrastructure entity, Brookfield Infrastructure, and consists of a 40% interest in the restructured Australian listed entity named Prime Infrastructure that owns most of the acquired portfolio, as well as a direct 49% interest in a major Australian coal terminal and a 100% interest in a UK port business. We funded the acquisition with $1.8 billion of equity, of which $0.8 billion was funded by other shareholders of Prime, $0.6 billion was funded by other investors in Brookfield Infrastructure, and $0.4 billion was funded by us in the form of additional investment in Brookfield Infrastructure.

This increases our net investment in infrastructure by $0.4 billion, increases the co-investor equity in Brookfield Infrastructure on which we earn management fees, and expands our operating base significantly. The transaction closed in mid-November therefore the contribution to cash flows in 2009 was modest. The acquired businesses are largely regulated, with the effect that approximately 80% of our operating cash flows are now generated from businesses that are regulated or underpinned by long-term contracts.

We were awarded a major contract to construct a $500 million transmission project in Texas, together with our joint venture partner. Construction is scheduled to commence in late 2010 and the project is expected to start contributing to cash flow in early 2013.

We established three unlisted infrastructure funds during 2009 with total capital commitments of $1.9 billion, including $0.5 billion from Brookfield. They include a $400 million fund focused on Colombia and our $460 million Brazil Agriland fund, as well as a larger fund focused more broadly on the Americas.

Summarized Financial Results

The following table summarizes the capital we have invested in our infrastructure operations as well as our share of the operating cash flows:

	Assets Under Management		Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	**2009**	2008
Utilities	**$ 7,097**	$ 3,083	**$ 443**	$ 449	**$ 47**	$ 80
Transportation	**4,027**	—	**290**	—	**5**	—
Timber	**4,264**	4,239	**813**	725	**12**	61
	$ 15,388	$ 7,322	**$ 1,546**	$ 1,174	**$ 64**	$ 141

The consolidated debt to capitalization of this business is approximately 70% and the average term to maturity is seven years. Our proportionate share of maturities over the next three years is $36 million.

Utilities

The following table presents the capital invested by us in our utility operations based on underlying values:

AS AT DECEMBER 31 (MILLIONS)	2009 Consolidated Assets	2009 Consolidated Liabilities	2009 Co-investor Interests	2009 Net Invested Capital	2008 Consolidated Assets	2008 Consolidated Liabilities	2008 Co-investor Interests	2008 Net Invested Capital
North America	**$ 413**	**$ 123**	**$ 155**	**$ 135**	$ 382	$ 256	$ (3)	$ 129
South America	**360**	**—**	**140**	**220**	610	22	268	320
Australasia/Europe	**219**	**—**	**131**	**88**	—	—	—	—
	$ 992	**$ 123**	**$ 426**	**$ 443**	$ 992	$ 278	$ 265	$ 449

Consolidated assets and net invested capital held within our utilities operations increased during the year as the sale of our Brazilian transmission lines was offset by the acquisition of interests in the following two operations through the Prime acquisition. Co-investor interests represent the interests of others in Brookfield Infrastructure, through which most of these businesses are owned.

Natural Gas Pipeline Company of America ("NGPL"): A natural gas transmission pipeline and storage system in the United States, with over 15,500 kilometres of pipeline and approximately 270 billion cubic feet of storage capacity. The system provides gas transportation and storage to approximately 60% of the Chicago and Northern Indiana market.

Powerco: New Zealand's second largest provider of regulated electricity and gas distribution services. Powerco accounts for approximately 40% of the gas and approximately 16% of the electricity connections throughout New Zealand.

International Energy Group ("IEG"): The second largest independent provider of "last-mile" gas and electricity connection services in the UK and the sole provider of natural gas and liquid propane gas in the Channel Islands and the Isle of Man.

Tasmania Gas Network ("TGN"): The sole provider of gas distribution services in Tasmania, Australia. TGN owns approximately 730 kilometres of distribution pipeline and services approximately 6,500 customers throughout Tasmania.

We continue to hold 100% of our North American transmission business, although we sold the distribution business during 2009. We also continue to hold our 28% interest in our Chilean transmission business, of which 18% is held by Brookfield Infrastructure.

The following table presents operating cash flows for our utilities business:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009 Net Operating Income	2009 Interest Expense	2009 Co-investor Interests	2009 Net Operating Cash Flow	2008 Net Operating Income	2008 Interest Expense	2008 Co-investor Interests	2008 Net Operating Cash Flow
North America	**$ 32**	**$ 18**	**$ 5**	**$ 9**	$ 38	$ 28	$ —	$ 10
South America	**55**	**—**	**21**	**34**	56	—	19	37
Australasia/Europe	**7**	**—**	**5**	**2**	—	—	—	—
	94	**18**	**31**	**45**	94	28	19	47
South America – sold in 2009	**15**	**11**	**2**	**2**	91	8	50	33
	$ 109	**$ 29**	**$ 33**	**$ 47**	$ 185	$ 36	$ 69	$ 80

Our utilities operations generate stable revenues that are largely governed by regulated frameworks and long-term contracts. Accordingly, we expect this segment to produce consistent revenue and margins that should increase with inflation and other factors such as operational improvements. We also expect to achieve continued growth in revenues and income by investing additional capital into our existing operations.

Utilities operations, excluding the results of Brazil transmission interests sold at the beginning of 2009, contributed $45 million of net operating cash flow, after deducting carrying charges and co-investor interests, compared with $47 million during 2008. We exercised our rights to sell the Brazilian transmission interests in 2008 pursuant to our original purchase agreement for an inflation adjusted return of 14.8%, and completed the transaction in mid 2009 for total proceeds of approximately $275 million.

The contribution from our Chilean transmission operations was $34 million in 2009 and $37 million in 2008. The decrease reflects $5 million of non-recurring revenue in 2008 resulting from a retroactive rate base increase, offset by the ongoing benefit of inflation indexation and growth capital expenditures which earn regulated returns. After adjusting for non-recurring items, the operating margins were 81% which is in line with historical levels.

Net operating cash flows in our North America operations declined as we sold our distribution business in the third quarter of 2009. The transmission business performed as expected.

North American and Australasia results reflect only six weeks' contribution from NGPL and Powerco.

The valuation of our transmission operations is based on an independent valuation of our Chilean transmission business and an internal valuation of our Northern Ontario operations based on the regulated rate base. In valuing our Chilean transmission business, key assumptions included a weighted average real discount rate and terminal capitalization rates of 8.1% and a terminal valuation date of 2023. The valuation of interests in NGPL and Powerco are based on their November 2009 acquisition price.

Transportation

The following table presents the capital invested by us in our transportation operations, based on underlying values:

	2009				2008			
AS AT DECEMBER 31 (MILLIONS)	**Consolidated Assets**	**Consolidated Liabilities**	**Co-investor Interests**	**Net Invested Capital**	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
Australasia	**$ 469**	**$ 1**	**$ 251**	**$ 217**	$ —	$ —	$ —	$ —
Europe	**849**	**593**	**183**	**73**	—	—	—	—
	$ 1,318	**$ 594**	**$ 434**	**$ 290**	$ —	$ —	$ —	$ —

Our transportation segment was established in November 2009 as part of the previously described Prime Acquisition and is held through 40% owned Brookfield Infrastructure. Co-investor interests in the foregoing table represent the 60% interest in these businesses held by our co-investors in Brookfield Infrastructure. It is comprised of the following investments:

Australasia:

Dalrymple Bay Coal Terminal (DBCT"): One of the world's largest coal terminals, accounting for 21% of global metallurgical seaborne coal exports. DBCT provides access to the export market for the Bowen Basin in Queensland, Australia, which is one of the lowest cost sources of coal in the world. DBCT is owned up to 49% by Brookfield Infrastructure and 51% by Prime. Consolidated assets includes our proportionate interest in this investment, which is equity accounted.

WestNet Rail: Leases and operates approximately 5,100 kilometres of network track and related infrastructure in South Western Australia. WestNet Rail provides exclusive rail access to market for minerals and grain businesses that underpin Western Australia's economy. Prime owns 100% of WestNet which we have included in our proportionate interest in this investment in consolidated assets.

Europe:

PD Ports: The third largest port operator in the UK by volume. Mainly operating as the statutory harbour authority out of the Port of Tees and Hartlepool in the north of the UK. We acquired 100% of PD Ports and therefore include the associated balances and results on a consolidated basis.

Euroports: A portfolio of seven port concession businesses in key strategic locations throughout Europe and in China, handling over 70 million tonnes per year. We own 24% interest in Euroports through Prime. Accordingly, assets include our pro-rata interest in the investment, which is equity accounted.

Underlying values for this segment are based on the November 2009 acquisition prices.

Timber

The following table sets out the assets and liabilities deployed in our Timber segment based on underlying values:

AS AT DECEMBER 31 (MILLIONS)	2009 Consolidated Assets	2009 Consolidated Liabilities	2009 Co-investor Interests	2009 Net Invested Capital	2008 Consolidated Assets	2008 Consolidated Liabilities	2008 Co-investor Interests	2008 Net Invested Capital
North America								
Western	**$ 3,092**	**$ 1,477**	**$ 1,010**	**$ 605**	$ 3,187	$ 1,478	$ 1,195	$ 514
Eastern	**295**	**78**	**72**	**145**	202	66	61	75
Brazil	**161**	**7**	**122**	**32**	103	6	—	97
Working capital	**716**	**685**	**—**	**31**	747	708	—	39
	$ 4,264	**$ 2,247**	**$ 1,204**	**$ 813**	$ 4,239	$ 2,258	$ 1,256	$ 725

Consolidated assets held within our timber operations and related borrowing levels were relatively unchanged during the year. We consolidated the results of all these businesses. Net invested capital rose as we increased our ownership in the U.S. Pacific Northwest operations in the first quarter of 2009. This was offset by the sale of a portion of our interest in Brazil timberlands in the second quarter of 2009 to our newly established Brazil Timber Fund. Co-investor interests reflect direct interests of others in our timber operations as well as in Brookfield Infrastructure, through which most of these businesses are held.

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009 Net Operating Income	2009 Interest Expense	2009 Co-investor Interests	2009 Net Operating Cash Flow	2008 Net Operating Income	2008 Interest Expense	2008 Co-investor Interests	2008 Net Operating Cash Flow
North America								
Western	**$ 67**	**$ 85**	**$ (15)**	**$ (3)**	$ 141	$ 86	$ 11	$ 44
Eastern	**13**	**3**	**4**	**6**	15	3	3	9
Brazil	**9**	**—**	**—**	**9**	8	—	—	8
	$ 89	**$ 88**	**$ (11)**	**$ 12**	$ 164	$ 89	$ 14	$ 61

Net operating cash flow decreased from $61 million to $12 million in 2009 due to weak pricing and reduced harvest levels. The current pricing environment is related to the slowdown in the U.S. homebuilding industry, which has resulted in lower demand for premium species such as high quality Douglas-fir. Realized prices across our operations declined by approximately 17% while operating costs per unit were higher due to product mix and to a lesser extent, higher fuel costs. The average realized price for Douglas-fir decreased by 11% compared to the prior year.

We continue to exploit the flexibility inherent in timber management which allows us to defer harvesting until prices recover and also allows the trees to continue to grow. Our Western North American operations were able to increase exports to Asia, which provides higher margins. We sold 5.8 million cubic metres of timber during 2009, compared to 6.8 million cubic metres in 2008, with all of the decrease occurring in Western North America, primarily reflecting reduced harvest levels to preserve value.

Interest costs were in line with the prior year while co-investor interests represented a recovery due to lower cash flows. The average interest rate on Timber borrowings is 5% and the overall duration of borrowings is seven years.

We are beginning to see some positive signs of recovery. Prices have improved from the lows experienced in the second quarter of 2009 as strong supply management has resulted in very low inventories of saw logs and finished wood products. In addition, the decline in U.S. housing stocks appears to have slowed down in pace as the inventory of new and foreclosed homes continues to decline.

The valuation of our timberlands is based on independent appraisals. Key assumptions include a weighted average discount and terminal capitalization rate of 6.5% and an average terminal valuation date of 72 years. Timber prices were based on a combination of forward prices available in the market and the price forecasts of each appraisal firm.

Development Activities

Development activities include the following:

- "Residential Development" activities, which involve the development and sale of residential properties.
- "Opportunity Investment" activities throughout, which we acquire undervalued properties with the objective of increasing their value over a three to four year horizon through leasing, re-development or other activities.
- "Development Lands" which represent land positions, air rights and other entitlements for development activities in the future, typically three years or longer. In addition, we also develop agricultural lands in Brazil.

We also develop power generation facilities, commercial office and retail properties and ancillary land holdings within our timber operations, the results of which are included in the analysis of each respective operating platform.

Highlights:

- Significantly expanded our Brazilian residential business through acquisitions and equity issues and achieved record sales and operating cash flows;
- Achieved strong sales in our Alberta residential business; and
- Acquired a 16 property portfolio in North America for repositioning in our Opportunity Fund.

Business Development

We significantly expanded our Brazilian residential development business over the past eighteen months through two merger transactions and two equity issues. This enabled us to expand into new geographic markets and added greater scale in the middle income market. The combined businesses generated record sales and cash flows during 2009 as a result of these initiatives as well as the continued strength of the Brazilian economy.

Summarized Financial Results

	Assets Under Management		Net Invested Capital		Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	**2009**	2008
Residential	**$ 5,320**	$ 3,678	**$ 1,117**	$ 418	**$ 90**	$ 35
Opportunity investments	**1,413**	1,308	**262**	267	**32**	45
Development land	**2,277**	1,987	**1,024**	741	**12**	(20)
	$ 9,010	$ 6,973	**$ 2,403**	$ 1,426	**$ 134**	$ 60

Capital invested in development activities increased by $1.0 billion during the year, due primarily to equity invested into our U.S. residential business, profits retained in our Brazilian residential business, and the repayment of shorter term revolving credit facilities in our Canadian residential business with surplus cash. We completed a number of properties under development for our own use and transferred the invested capital to our commercial office portfolio.

The increase in operating cash flows is due primarily to the record results in our Brazilian operations and reduced impairment charges within our U.S. operations. We typically do not generate any operating cash flow from development lands, other than our agricultural business, until they are transferred into third-party development activities or operating portfolios.

Residential Development

AS AT DECEMBER 31 (MILLIONS)	2009 Consolidated Assets	2009 Consolidated Liabilities	2009 Co-investor Interests	2009 Net Invested Capital	2008 Consolidated Assets	2008 Consolidated Liabilities	2008 Co-investor Interests	2008 Net Invested Capital
Brazil	**$ 2,897**	**$ 2,224**	**$ 473**	**$ 200**	$ 1,413	$ 1,106	$ 222	$ 85
Canada	**814**	**325**	**247**	**242**	720	573	76	71
Australia	**491**	**264**	**—**	**227**	504	381	—	123
United States	**926**	**415**	**145**	**366**	939	653	164	122
United Kingdom	**192**	**110**	**—**	**82**	102	85	—	17
	$ 5,320	**$ 3,338**	**$ 865**	**$ 1,117**	$ 3,678	$ 2,798	$ 462	$ 418

Total assets, which include property assets as well as housing inventory, cash and cash equivalents and other working capital balances, increased since 2008 reflecting expansion within our Brazil operations and the impact of higher currency revaluation in Canada, Australia and Brazil. Subsidiary borrowings consist primarily of construction financings which are repaid with the proceeds received from sales of building lots, single-family houses and condominiums, and are generally renewed on a rolling basis as new construction commences. Borrowings in our Canadian operations decreased in 2009 as proceeds from asset sales and various equity offerings by our subsidiary Brookfield Properties were used to reduce working capital debt.

The net operating cash flows attributable to each of these business units are as follows:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009 Total	2009 Interest Expense	2009 Co-investor Interests	2009 Net	2008 Total	2008 Interest Expense	2008 Co-investor Interests	2008 Net
Operating margins								
Brazil	**$ 153**	**$ 48**	**$ 63**	**$ 42**	$ 87	$ 26	$ 29	$ 32
Canada	**114**	**—**	**57**	**57**	144	—	72	72
Australia	**2**	**20**	**—**	**(18)**	4	—	—	4
United States	**(12)**	**(33)**	**(1)**	**22**	(15)	(93)	33	45
Revaluation items	**(28)**	**—**	**(15)**	**(13)**	(182)	—	(64)	(118)
	$ 229	**$ 35**	**$ 104**	**$ 90**	$ 38	$ (67)	$ 70	$ 35

Brazil

We have expanded our Brazilian residential business significantly over the last three years through acquisition and organic growth. This growth has increased our market position in São Paulo and Rio de Janeiro and also established a major presence in the mid-west region of Brazil, focused on Brasilia and Goiânia. We have also extended our product offerings into the important middle income segment, thereby providing a strong complement to our traditional focus on the higher income segment. We also develop mixed use projects that include commissioned developments for sale to others.

Contracted sales during 2009 totalled R$2.3 billion ($1.3 billion) (2008 – R$1.1 billion and $600 million) representing gross sales revenues to be earned in current and future periods. The net operating cash flow from the business during 2009 was $42 million compared with $32 million during 2008. The increase is due to a higher level of construction, which increased the amount of income recognized under the percentage-of-completion basis. Combined launches of new projects totalled R$2.7 billion ($1.5 billion) (2008 – R$2.7 billion and $1.4 billion) of sales value, which positions this business well into 2010.

Canada

The Canadian operations contributed $57 million of net operating cash flow for the year, compared to $72 million in 2008. The decrease in cash flows is due primarily to lower pricing and product may offset by increased lot sales, which increased from 1,399 in 2008 to 1,756 in 2009 and by the impact of the strengthened Canadian dollar. Operating margins remained stable at 25% (29% in 2008).

We continue to benefit from our strong market position and low-cost land bank, particularly in Alberta where we hold a 27% market share in Calgary. We own approximately 15,016 acres (December 31, 2008 – 15,538 acres) of which approximately 693 acres (December 31, 2008 – 901 acres) were under active

development at year end. The balance of 14,323 acres (December 31, 2008 – 14,637 acres) is included in “Held for Development” because of the length of time that will likely pass before they are actively developed.

Australia

Our Australian operations generated $2 million of operating cash flow in 2009 compared with $4 million in 2008; however the 2009 and 2008 results were offset by an impairment charge of $18 million and $11 million, respectively. The carrying values of projects reflect our acquisition of this business in 2007 and therefore already much of the expected development profits were capitalized into the carrying values at that time. Accordingly, margins are expected to be lower in the first few years of ownership and interest costs are more likely to be expensed than capitalized.

United States

Our U.S. operations incurred $12 million of cash outflows before interest, taxes and non-controlling interests during 2009 as demand for new homes remained low. This was a modest improvement over the $15 million of cash outflows recorded during 2008. Our share of the net operating income, after taking into consideration interest, taxes and non-controlling interests was $nil, compared with a net operating loss of $44 million during 2008. The gross margin from housing sales was approximately 13%, unchanged from last year. We closed on 703 units during the year (2008 – 750 units) at an average selling price of $488,000 (2008 – $562,000) We are encouraged by the increase in the backlog, which at the end of 2009 was 187 units compared to 134 units in 2008. In aggregate, we own or control 24,245 lots through direct ownership, options and joint ventures.

Revaluation Items

During 2009 we recorded a net charge of $13 million (2008 – $118 million) in respect of revaluation items. These included a gain of $27 million on the dilution of our interests in our Brazilian operations arising from an equity offering (2008 – $18 million charge on dilutions arising from a merger) This was offset by our share of impairment charges in respect of higher cost land positions, including options, recorded in our U. and Australian operations of $22 million (2008 – $89 million net charge) and $18 million (2008 – S. $11 million net charge), respectively.

Opportunity Investments

We operate two niche real estate opportunity funds with $515 million of invested capital. Our current investment in the funds is $262 million and our share of the underlying cash flow during 2009 was $32 million (2008 – $45 million) In February 2010, we acquired a 2.9 million square foot portfolio from a major financial institution which has in turn leased the majority of the space. This is the third such transaction we have completed in the past two years comprised of 16 properties throughout the United States.

Development Land

The following table presents the capital invested by us in longer term development land. The values of residential lots in this table are based on historical book values consistent with both IFRS and Canadian GAAP whereas rural development lands, are carried at underlying values under IFRS.

	2009				2008			
AS AT DECEMBER 31 (MILLIONS)	**Consolidated Assets**	**Consolidated Liabilities**	**Co-investor Interests**	**Net Invested Capital**	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
Residential lots								
North America	**$ 797**	**$ —**	**$ 399**	**$ 398**	$ 718	$ —	$ 359	$ 359
Brazil	**691**	**129**	**320**	**242**	660	367	167	126
Australia and UK	**398**	**396**	**—**	**2**	353	344	—	9
Rural development lands								
Brazil	**391**	**9**	**—**	**382**	256	7	2	247
	$ 2,277	**$ 534**	**$ 719**	**$ 1,024**	$ 1,987	$ 718	$ 528	$ 741

1. Includes rural development lands based on IFRS underlying values and residential lots based on management prepared estimates

Residential Lots

Residential development properties include land, both owned and optioned, which is in the process of being developed for sale as residential lots, but not expected to enter the homebuilding process for more than three years. We utilize options to control lots for future years in our higher land cost markets in order to reduce risk. To that end, we hold options on approximately 11,500 lots which are located predominantly in California and Virginia. We invested additional capital into development land in Alberta to maintain our market position and hold 14,323 acres in total. We also hold approximately 16,000 residential lots, homes and condominium units in our markets in Australia and New Zealand, which will provide the basis for continued growth. We increased our holdings in Brazil through a corporate acquisition and a merger during the year.

Rural Development Lands

We own approximately 370,000 acres of prime agricultural development land in the Brazilian States of São Paulo, Minas Gerais, Mato Grosso do Sul and Mato Grosso. These properties are being used for agricultural purposes, including the harvest of sugar cane for its use in the production of ethanol, which is used largely as a gasoline and additive substitute. We also hold 32,800 acres of potentially higher and better use land adjacent to our Western North American timberlands, included within our Timberlands segment, which we intend to convert into residential and other purpose land over time. The increase in carrying values during 2009 reflects an increase in the annual revaluation of the land and the impact of higher currency exchange rates during the year.

Underlying Value

The historical book value of our development assets after deducting borrowings and minority interests was $2.4 billion as at December 31, 2009 equal to our invested capital.

The valuation of residential development assets and residential lots within the Development Land segment, are considered inventory for these purposes, and are recorded at the lower of the existing carrying value discounted and their expected net realizable value. Net realizable value is determined as the value at the anticipated time of sale less costs to complete. Many of our land holdings were acquired many years ago and we believe the underlying value of these lands exceeds the carrying values for IFRS purposes by approximately $0.6 billion, net of minority interests. Accordingly, we reflect this excess value as “unrecognized value under IFRS” in determining the underlying value of our shareholders’ equity.

Rural development lands for agricultural purposes are carried at fair value under IFRS.

Special Situations

Special Situations include our restructuring, real estate finance, bridge lending activities, which are conducted primarily through funds that we manage, and other investments that fall outside of our main strategies and operating platforms.

Highlights:

- Operating cash flow of $112 million compared to $283 million in 2008;
- Arranged the sale of Concert Industries ("Concert"), a restructuring investment, for C$247 million, representing a total return of 20% over a five and a half year period (representing an approximate $30 million gain to Brookfield) and net proceeds to us of $83 million. This transaction closed in February 2010;
- Acquired interests in three groups of properties within our real estate finance operations through foreclosures and consensual restructurings;
- Collected $297 million of bridge loans, providing liquidity for new initiatives; and
- Invested $120 million in Norbord Inc. as part of a rights offering to reduce leverage in the company, increasing our fully diluted interest from 62% to 79%.

Summarized Financial Results

The following table presents the underlying value of the capital invested in our Special Situations activities, together with our share of the operating cash flows:

	Assets Under Management		Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	**2009**	2008
Restructuring	**$ 2,050**	$ 1,759	**$ 613**	$ 426	**$ 36**	$ 13
Real estate finance	**3,170**	2,497	**336**	299	**20**	26
Bridge lending	**585**	695	**100**	188	**13**	39
– Disposition gain	**—**	—	**—**	—	**—**	48
	5,805	4,951	**1,049**	913	**69**	126
Other investments	**1,925**	2,211	**582**	709	**43**	157
	$ 7,730	$ 7,162	**$ 1,631**	$ 1,622	**$ 112**	$ 283

Operating cash flow in 2009 was $112 million, which included a $69 million contribution from our specialty funds and $43 million from our portfolio of other investments. The 2008 results reflected $126 million from our specialty fund operations, including a $48 million gain on convertible debentures acquired as part of a bridge financing, and $157 million from our other investments, which included a number of disposition gains.

Capital invested in these activities was largely unchanged year over year. We increased the amount of capital deployed in our restructuring and real estate finance businesses to take advantage of investment opportunities and reduced the capital in other investments as a result of dispositions.

Restructuring

We operate two restructuring funds with total invested capital of $1.3 billion and remaining uninvested capital commitments from clients of $110 million. Our share of the invested capital is $613 million.

The portfolio consists of 10 investments in a diverse range of industries. Our average exposure to a specific company is $62 million and our largest single exposure is $213 million. We concentrate our investing activities on businesses with tangible assets and cash flow streams that protect our capital. As noted above, we sold our investment in Concert in February 2010 to a strategic purchaser, and will recognize a gain in the first quarter of 2010. The investment is included in our portfolio at year-end at its book value.

Our share of the operating cash flow produced by these businesses during the year was $36 million, compared to $13 million in 2008. The increase reflects continued improvement at Concert and our U.S. containerboard manufacturing operations, including tax credits and incentives relating to energy conservation practices. We expect that the majority of our investment returns will come in the form of disposition gains as operating cash flows during the restructuring period are typically below normalized returns.

The continued economic uncertainty and the strain on many corporate balance sheets from the recent recession continue to give rise to opportunities for us to assess.

Real Estate Finance

We operate three real estate finance funds with total committed capital of approximately $1.9 billion, of which our share is approximately $400 million. We had $336 million of capital invested in these operations at year end (2008 – $299 million). There are $211 million of uncalled capital commitments, of which our clients have committed $153 million and we have committed $58 million.

These activities contributed $20 million of net operating cash flow during 2009 compared to $26 million in 2008.

	Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008
Total fund investments	**$ 2,787**	$ 2,023	**$ 67**	$ 126
Less: borrowings	**(1,699)**	(1,129)	**(25)**	(58)
Less: co-investor interests	**(755)**	(617)	**(22)**	(44)
Net investment in real estate finance funds	**333**	277	**20**	24
Securities – directly held	**3**	22	**—**	2
	$ 336	$ 299	**$ 20**	$ 26

All of our real estate securities were performing at year-end with the exception of three positions representing invested capital of $205 million (our share – $64 million). We have acquired the underlying assets in two of these situations and are in the process of restructuring the third position and expect to earn a favourable return on our original capital in each of these circumstances. This resulted in consolidation of the assets and associated initiatives.

We have been careful to structure our financing arrangements to provide sufficient duration and flexibility to manage our investments with a longer term horizon. We have matched terms in respect of asset and liability positions with an overall asset and a liability duration of three years. In addition, both our asset returns and net corresponding liabilities are subject to changes in short-term floating rates.

Notwithstanding the continued stress in the real estate debt capital markets, market values for real estate securities have strengthened considerably, which has reduced the number of acceptable investments. We believe, however, that the magnitude of commercial real estate loan maturities in the coming years will give rise to attractive investment opportunities and we are executing strategies to provide us with additional capital for this purpose.

Bridge Lending

The net capital invested by us in bridge loans declined to $100 million from $188 million due to collections and our adoption of a more cautious approach to new loan commitments. In addition to our own capital, we also manage $412 million in loan commitments on behalf of clients, which include a number of major financial institutions. During the year, we arranged $37 million in financings on their behalf and co-invested $26 million alongside them.

Our portfolio at year end was comprised of six loans, and our largest single exposure at that date was $54 million. Our share of the portfolio at year end has an average term of seven months excluding extension privileges.

Other Investments

We own a number of investments which will be sold once value has been maximized, integrated into our core operations or used to seed new funds. Although not core to our broader strategy, we expect to continue to make new investments of this nature and dispose of more mature assets.

The net operating cash flow generated by these investments declined to $43 million from $157 million in 2008. We realized a gain in each of 2009 and 2008 related to the disposition of 20 million common shares of Norbord Inc. ("Norbord") as settlement for exchangeable debentures issued in September 2004. In addition, in 2009 we concluded the sale of our U.S. insurance operations for proceeds of $130 million and a gain of $15 million.

	Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008
Industrial	**$ 256**	$ 271	**$ 41**	$ 20
Infrastructure	**81**	70	**6**	6
Business services	**174**	337	**1**	131
Property and other	**71**	31	**(5)**	—
	$ 582	$ 709	**$ 43**	$ 157

Industrial

We hold a 79% fully diluted interest in Norbord, which is the second largest and lowest cost manufacturer of oriented strand board in North America. The substantial downturn in the U.S. housing market resulted in lower volumes and prices for Norbord's products, resulting in operating losses, however both prices and volumes have recovered significantly in recent months. We invested a further $200 million to increase our interest to its current level through participation in a rights offering of common shares to all shareholders, of which $120 million was funded in early 2009 and $80 million was funded in late 2008. The market value of our investment in Norbord at year end was $550 million based on the stock market prices.

Fraser Papers Inc. ("Fraser Papers") and our privately held forest products operations faced a particularly difficult environment for their products in recent years, which resulted in substantial operating losses. Fraser Papers entered bankruptcy protection during 2009. We have put forward a plan that will allow the viable portions of the business to continue, thereby providing continued employment to a number of the present employees, and expect to preserve the value of our invested capital.

Infrastructure

Our infrastructure investments represent coal rights that entitle us to royalties and net profit interests in central Alberta and British Columbia.

Business Services

Business services include the provision of property and casualty products in Canada. We are winding down our re-insurance business through an orderly runoff and completed the sale of our U.S. property and casualty operations during the year. We manage the securities portfolios of these operations, which totalled $0.8 billion and consist primarily of highly rated government and corporate bonds, through our investment management operations. These operations generated operating cash flow of $1 million in addition to a disposition gain of $15 million.

We recorded $131 million of cash flows in 2008, which included $96 million of gains on the dispositions of a medical software business, a joint venture interest in Brazil with Accor S.A., and an interest in a Brazilian panelboard manufacturer.

Underlying Value

The net asset value of our special situations operations was $1.6 billion as at December 31, 2009 for the purposes of preparing our pro forma IFRS balance sheet consistent with 2008. The values are based on publicly available share prices where available as well as comparable valuations and internal calculations. Certain investments continue to be carried at historical book value for IFRS purposes, which we estimate as having the incremental unrecognized value of approximately $0.4 billion that we include in "unrecognized value under IFRS".

ASSET MANAGEMENT AND OTHER SERVICES

We earn fees and other sources of income for providing a wide range of asset management and related services to our clients. These include fees in respect of managing private funds, listed issuers and portfolios of fixed income and equity securities, investment banking services and a broad range of property and construction services including leasing, relocation services and facilities management.

	Operating Cash Flow	
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008
Base management fees[1]	**$ 131**	$ 134
Performance returns[1]	**22**	6
Transaction fees[1]	**44**	15
Investment banking[1]	**12**	17
	209	172
Property services[2]	**18**	43
Construction services [2]	**71**	74
	$ 298	$ 289

1. Revenues
2. Net of direct expenses

Asset Management Fees

Base Management Fees

Base management fees remained stable as additional fees from new funds launched during the past two years and an increase in the capital committed to existing mandates, were offset by lower fees in our investment management business due to a decline in the market values of assets managed and lower average foreign exchange rates on non-U.S. funds. Fees earned within our Infrastructure activities increased due to the issuance of additional equity by Brookfield Infrastructure Partners to fund a major acquisition and increased capital commitments to private funds. As at December 31, 2009, annualized base management fees on existing funds and assets under management amounted to $140 million (2008 – $130 million).

The following table presents the base management fees earned in respect of each of our operating platforms:

	Base Management Fees	
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008
Unlisted funds and specialty issuers		
Commercial properties	**$ 28**	$ 27
Infrastructure	**26**	21
Development activities	**5**	4
Special situations	**23**	26
Other	**6**	6
	88	84
Investment management – public securities	**43**	50
	$ 131	$ 134

Performance Returns and Transaction Fees

We earned $22 million of performance returns from clients, compared to $6 million in 2008, largely within our public securities activities, as a result of exceeding performance targets. The level of performance returns recorded in our results continues to be modest because they tend to materialize later in the life cycle of a fund and because we have elected to follow accounting guidelines that typically defer recognition in our financial statements. Accumulated performance returns, which represent amounts that we would receive from funds based on performance to date but which cannot be recognized for accounting purposes, totalled $36 million at the end of 2009, compared to $65 million at the end of 2008.

Transaction Fees

Transaction fees include investment fees earned in respect of financing activities and include commitment fees, work fees and exit fees. During the year, we earned an $11 million fee in connection with our sponsorship and recapitalization of a large infrastructure business, which we subsequently relaunched as Prime Infrastructure (see our Infrastructure segment review). In addition, we earned $25 million in fees from the expansion of our real estate brokerage network.

Investment Banking Fees

Our investment banking services are provided by teams located in Canada and Brazil and contributed $12 million of fees during 2009. The group advised on transactions totalling $9.3 billion in value during the year, and secured a number of prominent mandates.

Other Services

Property Services Income

Property services fees include property and facilities management, leasing and project management and a range of real estate services. Although revenues increased due to a higher level of activity within our facilities management operations and the expansion of our operating base in Australia and the acquisition of GMAC's North American real estate services business, the net contribution was reduced by $31 million of restructuring charges associated with the acquisitions.

Construction Services

We completed a number of major projects, recorded positive cash flow and secured a number of major contracts that added $2.4 billion to our order book and positions us for profitable growth.

The following table summarizes the operating results from our construction operations during the past two years:

	Net Operating Cash flow	
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008
Australia	**$ 18**	$ 25
Middle East	**46**	48
United Kingdom	**7**	1
	$ 71	$ 74

The revenue work book totalled $6.5 billion at the end of the year (December 31, 2008 – $4.8 billion) and represented approximately two years of scheduled activity. The increase reflects new contracts awarded totalling $2.4 billion and the impact of foreign exchange revaluation on Australian and UK revenues.

The following table summarizes the work book at the end of the year:

AS AT DECEMBER 31 (MILLIONS)	**2009**	2008
Australia	**$ 2,743**	$ 2,254
Middle East	**1,969**	1,828
United Kingdom	**1,742**	727
	$ 6,454	$ 4,809

Third-Party Capital

The following table summarizes third-party commitments at the end of the past two years:

AS AT DECEMBER 31 (MILLIONS)	2009 Core and Value Added	2009 Opportunity and Private Equity	2009 Total	2008 Core and Value Added	2008 Opportunity and Private Equity	2008 Total
Unlisted funds and specialty issuers						
Commercial properties	**$ 2,380**	**$ 4,600**	**$ 6,980**	$ 2,361	$ 600	$ 2,961
Infrastructure	**3,818**	**—**	**3,818**	2,657	—	2,657
Development	**—**	**291**	**291**	—	185	185
Special situations	**3,098**	**661**	**3,759**	2,476	564	3,040
	9,296	**5,552**	**14,848**	7,494	1,349	8,843
Public securities	**—**	**—**	**23,787**	—	—	18,040
Other listed entities	**—**	**—**	**8,552**	—	—	5,046
	$ 9,296	**$ 5,552**	**$ 47,187**	$ 7,494	$ 1,349	$ 31,929

Unlisted Funds and Specialty Issuers

This segment includes the unlisted funds and specialty listed issuers through which we own and manage a number of property, power, infrastructure and specialized investment strategies on behalf of our clients and ourselves.

Third-party capital commitments to these funds increased by $6 billion during the year. We established a $5 billion real estate turnaround consortium, with $4 billion of capital allocations from a group of major global institutions and $1 billion from ourselves. The consortium is structured in a similar manner as co-investment rights, with each investor committing capital on a transaction by transaction basis, but with the fee arrangements determined in advance.

Commitments to our infrastructure funds increased with the issuance of additional equity by Brookfield Infrastructure Partners to fund a major acquisition and additional capital commitments to unlisted funds, including funds targeted at each of Peru and Colombia. We launched a C$1 billion debtor-in-possession fund within our Special Situations group that targets Canadian companies undergoing financial restructurings.

Public Securities

We specialize in fixed income and equity securities with a particular focus on distress real estate and infrastructure. Our fixed income mandates are managed in New York and our equity mandates are managed in Chicago. Our clients are predominantly pension funds and insurance companies throughout North America and Australia.

The following table summarizes assets under management within these operations. We typically do not invest our own capital in these strategies as the assets under management tend to be securities as opposed to physical assets.

AS AT DECEMBER 31 (MILLIONS)	Total Assets Under Management 2009	Total Assets Under Management 2008	Third-Party Commitments 2009	Third-Party Commitments 2008
Real estate and fixed income securities				
Fixed income	**$ 17,589**	$ 15,199	**$ 17,589**	$ 15,078
Equity	**6,218**	2,962	**6,198**	2,962
	$ 23,807	$ 18,161	**$ 23,787**	$ 18,040

Co-investor commitments increased by $5.7 billion during 2009 primarily due to an increase in value of securities under management. We secured $4.0 billion of new advisory mandates during the year offset by $3.1 billion of redemptions.

Other Listed Entities

We have established a number of our business units as listed public companies to allow other investors to participate and to provide us with additional capital to expand these operations. This includes common equity held by others in Brookfield Properties, Brookfield Incorporações, Brookfield Infrastructure Partners and Brookfield Renewable Power, among others.

Unallocated Operating Costs

Operating costs include the costs of our asset management activities as well as corporate costs which are not directly attributable to specific business units.

		Net	
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	Variance
Operating costs	**$ 250**	$ 263	$ (13)
Cash income taxes	**3**	9	(6)
	$ 253	$ 272	$ (19)

CORPORATE CAPITALIZATION, LIQUIDITY AND OPERATING COSTS

In this section, we review our corporate (i.e., deconsolidated) capitalization, liquidity profile and operating costs.

Liquidity Profile

We maintain a high level of liquidity to ensure that we are in a strong position to execute our business plans and react quickly to potential investment opportunities and adverse economic circumstances.

Our core liquidity consists primarily of cash and financial assets as well as committed lines of credit. This liquidity is regularly supplemented by the free cash flow generated within Brookfield's operations, which is typically in the range of $1.5 billion annually, and the periodic monetization of assets and financing transactions.

As at December 31, 2009, our consolidated core liquidity was approximately $4 billion, consisting of $2.6 billion at the corporate level and $1.4 billion within our principal operating subsidiaries.

We have maintained significantly higher liquidity levels over the past two years as a result of the challenging economic circumstances and increased potential for attractive investment opportunities. We increased the liquidity at our North American property company, as we expect that commercial office transactions will be a primary area of activity for us over the next 24 months.

In addition to our core liquidity, we have $6.7 billion of uninvested capital allocations from our investment partners that is available to fund qualifying investments.

Cash and Financial Assets

We hold financial assets, cash and equivalents that are available to fund operating activities and investment initiatives.

We acquire selective positions in common shares, high yield bonds and distressed debt that are supported by attractive businesses and assets when we believe they trade at meaningful discounts to their underlying value. The ownership of these investments may facilitate our participation in future restructuring or acquisition transactions.

We also establish positions in respect of broader economic and capital markets trends such as credit spreads, foreign currencies and interest rates. These positions may be established to protect our existing capital or to create additional value.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Underlying Value 2009	Underlying Value 2008	Operating Cash flow 2009	Operating Cash flow 2008
Financial assets				
Government bonds	**$ 547**	$ 521		
Corporate bonds	**290**	411		
Other fixed income	**115**	172		
High-yield bonds and distressed debt	**694**	88		
Preferred shares	**282**	272		
Common shares	**184**	202		
Loans receivable/deposits	**(150)**	368		
Total financial assets	**1,962**	2,034	**$ 376**	$ 476
Cash and cash equivalents	**34**	151	**—**	—
Deposits and other liabilities	**(351)**	(282)	**(30)**	(51)
Net investment	**$ 1,645**	$ 1,903	**$ 346**	$ 425

Net cash and financial asset balances decreased to $1.6 billion during 2009 from $1.9 billion at the end of 2008 due to the sale of government and corporate bonds which is partially offset by the acquisition of distressed debt securities. In addition to the carrying values of financial assets, we hold common equity positions with a notional value of $75 million (2008 – $nil) through total return swaps and hold protection against widening credit spreads through credit default swaps with a total notional value of $0.4 billion (2008 – $2.5 billion). The market value of these derivative instruments reflected in our financial statements at December 31, 2009 was $3 million (2008 – $30 million). Net invested capital includes liabilities such as broker deposits and a small number of borrowed securities that have been sold short.

The 2009 operating results include $181 million of investment gains, compared to $278 million in 2008. The balance of the income is derived primarily from dividends and interest. The gains include $62 million (2008 – $151 million gains) from foreign currency positions and $8 million of losses from our portfolio of credit default swaps (2008 – $134 million of gains).

Corporate Capitalization

Our corporate capitalization consists of financial obligations of (or guaranteed by) the Corporation as set forth in the following table:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Underlying Value 2009	Underlying Value 2008	Operating Cash Flow 2009	Operating Cash Flow 2008
Corporate borrowings				
Bank borrowing and commercial paper	**$ 388**	$ 649	**$ 21**	$ 33
Term debt	**2,205**	1,635	**130**	130
	2,593	2,284	**151**	163
Contingent swap accruals	**779**	675	**84**	72
Accounts payable and other accruals	**2,028**	2,239	**253**	272
Capital securities	**632**	543	**32**	31
Shareholders' equity				
Preferred equity	**1,144**	870	**43**	44
Common equity	**14,956**	13,999	**1,407**	1,379
	16,100	14,869	**1,450**	1,423
Total corporate capitalization	**$ 22,132**	$ 20,610	**$ 1,970**	$ 1,961
Debt to capitalization	**15%**	14%		
Interest coverage			**7x**	7x
Fixed charge coverage			**6x**	5x

Corporate Borrowings

Bank borrowing and commercial paper represent shorter term borrowings that are pursuant to or backed by $1,445 million of committed corporate revolving term credit facilities. Approximately $125 million (2008 – $104 million) of the facilities were also utilized for letters of credit issued to support various business initiatives. The facilities are periodically renewed and extended for three to four year periods at a time. Currently, $1,195 million of the facilities are scheduled to expire in 2012 and the balance in 2011. Term debt consists of public bonds and private placements, all of which are fixed rate and have maturities ranging from 2012 until 2035. These financings provide an important source of long-term capital and an appropriate match to our long-term asset profile.

Our corporate borrowings have an average term of eight years (2008 – nine years) and over 90% of the maturities extend into 2012 and beyond. The average interest rate on our corporate borrowings was 6% at year end, compared to 5% at the end of 2008. As shown in the table below, we have a $200 million bond maturity in 2010 and borrowings under a small number of bank facilities in 2011 that expire if not renewed earlier.

AS AT DECEMBER 31, 2009 (MILLIONS)	Average Term	2010	2011	2012	2013 & After	Total
Commercial paper and bank borrowings	2	$ —	$ 18	$ 370	$ —	$ 388
Term debt	9	200	—	422	1,583	2,205
	8	$ 200	$ 18	$ 792	$ 1,583	$ 2,593

Corporate debt levels increased by $212 million during the year to fund investment activities and $97 million due to foreign exchange. We decreased our bank borrowings by $261 million and replaced the financing with the issuance of C$500 million of 8.95% publicly traded term debt due June 2014 in order to extend our maturity profile.

Contingent Swap Accruals

We entered into interest rate swap arrangements with AIG Financial Products (“AIG-FP”) in 1990, which include a zero coupon swap that was originally intended to mature in 2015. Our financial statements include an accrual of $779 million in respect of these contracts which represents the compounding of amounts based on interest rates from the inception of the contracts. We have also recorded an amount of $122 million in accounts payable and other liabilities which represents the difference between the present value of any future payments under the swaps and the current accrual. We believe that the financial collapse of American International Group (“AIG”) and AIG-FP triggered a default under the swap agreements, thereby terminating the contracts with the effect that we are not required to make any further payments under the agreements, including the amounts which might, depending on various events and interest rates, otherwise be payable in 2015. AIG disputes our assertions and therefore we have commenced legal proceedings seeking a declaration from the court confirming our position. We recognize this may not be determined for a considerable period of time, and consistent with the principle of conservatism will continue to account for the contracts as we have in prior years until we receive clarification.

Capital Securities

Capital securities are preferred shares that are classified as liabilities for Canadian GAAP purposes because the holders of the preferred shares have the right, after a fixed date, to convert the shares into common equity based on the market price of our common shares at that time unless previously redeemed by us. The dividends paid on these securities, are recorded as interest expense.

The carrying values of capital securities increased to $632 million from $543 million due to the higher Canadian dollar, in which most of these securities are denominated. The average distribution yield on the capital securities at December 31, 2009 was 6% (2008 – 6%) and the average term to the holders’ conversion date was four years (2008 – five years).

Shareholders' Equity

AS AT DECEMBER 31 (MILLIONS)	Underlying Value [1] 2009	Underlying Value [1] 2008	Book Value [2] 2009	Book Value [2] 2008
Preferred equity	**$ 1,144**	$ 870	**$ 1,144**	$ 870
Common equity	**14,956**	13,999	**6,403**	4,911
	$ 16,100	$ 14,869	**$ 7,547**	$ 5,781

1. Based on procedures and assumptions, excluding future tax provisions and underlying values not otherwise recognized under IFRS
2. Based on Canadian GAAP financial statements

Preferred equity consists of perpetual preferred shares that represent an attractive form of leverage for common shareholders, and was unchanged during the year. The average dividend rate at December 31, 2009 was 5%. We issued C$300 million ($274 million) of perpetual preferred shares during 2009 with an initial coupon of 7% that resets every five years unless previously redeemed by the Corporation.

We repurchased 1.5 million common shares during the year at prices ranging from $11.46 per share to $16.05 per share, with an average price of $12.09 per share. Further details on the components of our equity and related distributions can be found on pages 66 and 67.

The underlying value of our equity is $16.1 billion ($25.65 per share) on a pre-tax basis. The market capitalization of our equity, reflecting our share price at year end, was $12.7 billion. Our book value of $7.5 billion reflects the depreciated historical cost of many assets, such as office properties and hydroelectric facilities, which were acquired many years ago for values significantly below what they are worth today.

Interest Expenses

Interest costs include interest expense on corporate obligations and average rates are set out in the following table:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009 Average Outstanding	2009 Interest Expense	2009 Average Rate	2008 Average Outstanding	2008 Interest Expense	2008 Average Rate
Bank facilities and commercial paper	**$ 373**	**$ 21**	**6%**	$ 480	$ 33	7%
Term debt	**1,951**	**130**	**7%**	1,821	130	7%
Contingent swap accruals	**723**	**84**	**11%**	627	72	11%
Capital securities	**579**	**32**	**6%**	566	31	6%
	$ 3,626	**$ 267**	**7.4%**	$ 3,494	$ 266	7.6%

The average rate declined from 7.6% to 7.4% due to lower rates on floating rate debt.

Working Capital

Other Assets

The following is a summary of other assets:

AS AT DECEMBER 31 (MILLIONS)	Underlying Value 2009	Underlying Value 2008
Accounts receivable	**$ 193**	$ 243
Restricted cash	**207**	97
Intangible assets	**43**	31
Prepaid and other assets	**502**	400
	$ 945	$ 771

Other assets include working capital balances employed in our business that are not directly attributable to specific operating units.

Other Liabilities

AS AT DECEMBER 31 (MILLIONS)	Underlying Value	
	2009	2008
Accounts payable	**$ 278**	$ 208
Insurance liabilities	**721**	991
Other liabilities	**1,029**	1,040
	$ 2,028	$ 2,239

Other liabilities include $122 million of mark-to-market adjustments in respect of contingent swap accruals (see page 50).

OUTLOOK

We continue to organize our operations in a manner that we believe provides an important measure of stability, consistent with our long-term business strategy. This has enabled us to avoid many, although not all, of the consequences of the recent downturn in the economy. While we are not immune to these factors, which include a rise in unemployment, a drop in consumer and business confidence and spending, we believe we are positioned to produce favourable returns overall and to complete favourable growth initiatives in the near future.

The majority of our capital is invested in high quality long duration assets whose outputs and cash flows are underpinned by either long-term contracts with high credit quality counterparties or regulated rate base arrangements. We match fund our long-life assets with predominantly non-recourse long-term financing to ensure a stable capital structure and reduced exposure to refinancing risk and changing interest rates. These assets generate a substantial portion of our operating cash flow annually and provide significant stability to our operating results. We have, however, invested a portion of our capital into higher yielding cyclical or shorter duration assets whose outputs and cash flows tends to be significantly impacted by changes in either the macroeconomic environment or industry specific conditions. We pursue opportunistic investments during difficult economic times with the objective of acquiring high quality assets at relatively higher yields. Accordingly, we maintain a high level of liquidity to ensure we are prepared for short term capital requirements and have the financial flexibility to pursue growth initiatives.

While the current environment may constrain our ability to increase operating cash flows in the near term, we remain confident in our ability to achieve our long-term objectives in that regard. Furthermore, we believe we have been, and will continue to have the opportunity to make investments during this period at very favourable values that will create attractive shareholder value in the future.

Our renewable power operations entered 2010 with water levels that were 13% above long-term averages. As a result, we believe we are well positioned to achieve our targets of long-term average generation in 2010 based on current storage levels if normal hydrology conditions prevail. We have contracted pricing for approximately 84% of our generation over 2010, which significantly mitigates the impact of lower spot electricity prices and as a low cost producer of electricity, we are able to sell electricity at a favourable margin under most market conditions.

In our office property sector, leasing demand has recovered from the lows of 2009, but is still suffering from the effects of the economic slowdown. Our occupancy levels, however, are at 95% across our portfolio and only 4% of the space within our managed portfolio is scheduled to come off lease in 2010 of which a large portion is customarily renewed in the normal course. The high quality of our properties relative to others in our markets should enable us to attract new tenants if we are unsuccessful in extending leases with the existing tenants. Furthermore, we believe our in-place rents continue to be below market. In North America, the average expiring rates in 2010 are $23 per square foot compared with an estimated average market rate of $27 per square foot, representing a significant margin of safety to ensure we can at least maintain and hopefully increase rental rates. A general lack of development, especially in central business districts, has also created stability from a supply perspective. Nevertheless, a prolonged economic downturn could lead to tenant bankruptcies and lower market rents which could reduce our cash flows. Our strong tenant lease profile, low vacancies and rental rates that in most properties are substantially below current market rates give us a high level of confidence that we can achieve our operating targets in 2010.

We expect our infrastructure businesses to provide increased operating returns, consisting of stable returns from our existing regulated businesses and a full year's contribution from businesses acquired in late 2009. We expect our timber operations to continue to experience demand and pricing weakness in 2010 due to the state of the U.S. homebuilding sector, which has caused us to reduce harvest levels in order to preserve value. We expect to increase harvest levels once timber prices recover and our current surplus of merchantable inventory should allow us to harvest in excess of long-run sustainable yield for a period of 10 years in both Canada and the U.S.

Residential markets in Brazil and Canada continue to perform well but remain difficult in the United States. The current supply/demand imbalance in U.S. markets has reduced operating margins and must be worked through before we experience margin improvements and volume growth. Most of the land holdings within our Canadian land operations were purchased at favourable values and therefore have an embedded cost advantage today. This has led to favourable margins in this region. We expanded our Brazilian operations and are well positioned to benefit from our increased contribution from these operations during 2010.

We continue to expand our special situations operations by committing additional resources and launching new funds. We will focus on maintaining or increasing the level of invested capital by deploying the capital from new funds. We expect that the current difficulties in credit markets will lead to a greater number of opportunities for our restructuring operations, and more attractive pricing for our real estate finance group, although the same conditions will likely reduce opportunities to monetize investments and the opportunity to recognize disposition gains.

The value of the U.S. dollar against various currencies can significantly impact the contribution from our operations that are denominated in these other currencies, notably the Canadian dollar, the Brazilian real and the Australian dollar. The prevailing low interest rate environment in most economies has a beneficial impact on our results, although this is limited because most of our financings are fixed rate in nature. Similarly, the long-term nature of our borrowing base and the relatively low proportion of annual debt maturities lessens the impact of changing credit spreads on new financings.

The investment market has become less competitive and acquisition prices have declined due in large part to reduced availability of capital for many owners and investors. The access to liquidity from our own balance sheet as well as from our clients, financial partners and the capital markets has provided us with funds to invest in our existing operations as well as new opportunities. We believe the breadth of our operating platform and our disciplined approach should enable us to invest this capital on a favourable basis.

We have endeavoured to extend debt maturities on a proactive basis and reduce near-term financing requirements. Although we expect to renew or replace most of our existing financings at equivalent levels, we may reduce leverage in certain areas of our business. While we expect that any deleveraging will likely have a limited impact on our short term operating results it would reduce the capital available for investment. We maintain a high level of liquidity as further discussed in Part 3 of this MD&A, and regularly replenish our liquidity through operating cash flow and asset monetizations.

There are many factors that could impact our performance in 2010, both positively and negatively. We describe the material aspects of our business environment and risks in Part 4 of this MD&A.

Summary

We believe we are emerging from the recession and as a result our businesses which were affected by the recession should see expanded margins and increasing cash flows over the next few years. There should also be further opportunities over the next two years to invest capital in our existing operations as well as in new assets and businesses at values which will generate increased cash flow per share and shareholder values over the longer term.

As a result, we believe that our businesses are well positioned to not only withstand the difficult short term environment but to invest and build for the future. This provides us with confidence that we will meet our long-term performance objectives with respect to cash flow growth and value creation, and continue to build Brookfield as a world-class asset manager.



This section contains a review of our consolidated financial statements prepared in accordance with Canadian GAAP. It also contains information to enable the reader to reconcile the basis of presentation in our consolidated financial statements to that employed in the MD&A. The tables presented on pages 66 and 67 provide a detailed reconciliation between our consolidated financial statements and the basis of presentation throughout the balance of this MD&A.

CONSOLIDATED STATEMENTS OF INCOME

The following table summarizes our consolidated statements of net income and reconciles them to operating cash flow and gains:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	2007
Revenues	**$ 12,082**	$ 12,909	$ 9,343
Net operating income	**4,515**	4,616	4,377
Expenses			
Interest	**(1,784)**	(1,984)	(1,786)
Current income taxes	**4**	7	(68)
Asset management and other operating costs	**(393)**	(406)	(311)
Non-controlling interests in the foregoing	**(892)**	(810)	(636)
Operating cash flow and gains	**1,450**	1,423	1,576
Other items, net of non-controlling interests	**(996)**	(774)	(789)
Net income	**$ 454**	$ 649	$ 787

Net income was $454 million in 2009, compared to $649 million in 2008. Operating cash flows and gains were relatively unchanged, however net non-cash charges increased by $222 million. The largest variance was future income taxes, which in 2008 included a one-time tax recovery of $238 million (our share) related to the conversion of our U.S. property subsidiary into a REIT. Net depreciation and amortization charges declined by $80 million.

Revenues

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	2007
Asset management and other services	**$ 1,691**	$ 2,149	$ 782
Renewable power generation	**1,206**	1,286	971
Commercial properties	**2,967**	3,226	2,501
Infrastructure	**418**	613	611
Development activities	**1,962**	1,634	1,676
Special situations	**3,347**	3,387	2,506
Investment income and other	**491**	614	296
	$ 12,082	$ 12,909	$ 9,343

Total revenues declined to $12.1 billion in 2009 from $12.9 billion in 2008. This was in large measure due to the impact of lower average foreign currency rates on non-U.S. revenues over the year, notwithstanding the higher spot rates at year end. The decrease in asset management and other service revenues reflects lower construction revenues offset by the expansion of our Australian and North American property services business. Renewable power revenues declined from the prior year due to lower spot electricity prices and lower water levels compared to the exceptional levels in 2008. Infrastructure revenues were lower in 2009 due primarily to reduced harvest levels in our Timber operations in response to weaker pricing.

Net Operating Income

Net income is equal to “operating cash flow and gains” less “other items, net of non-controlling interests”, which consists largely of non-cash items such as depreciation and amortization, provisions in respect of future tax liabilities and other provisions that we do not consider to be relevant in measuring operating cash flow performance.

Operating cash flow and gains is discussed in Part 2 – Review of Operations on a segmented basis, and are reconciled to a consolidated basis in the tables on pages 66 and 67 in this section.

Other Items, Net of Non-controlling Interests

The following table summarizes the major components of other items on a total basis and also by presenting them net of the associated non-controlling and minority interests:

	Total		Net [1]		
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	Variance
Other items					
Depreciation and amortization	**$ (1,275)**	$ (1,330)	**$ (693)**	$ (773)	$ 80
Provisions and other	**(370)**	(342)	**(282)**	(275)	(7)
Future income taxes	**(24)**	461	**(21)**	274	(295)
Non-controlling interests	**673**	437	**—**	—	—
	$ (996)	$ (774)	**$ (996)**	$ (774)	$ (222)

1. Net of non-controlling and minority interests

Depreciation and Amortization

Depreciation and amortization for each principal operating segment is summarized in the following table:

	Total		Net [1]		
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	Variance
Renewable power generation	**$ 199**	$ 191	**$ 154**	$ 168	$ (14)
Commercial properties	**596**	700	**237**	297	(60)
Infrastructure	**112**	137	**44**	94	(50)
Development activities	**158**	159	**118**	120	(2)
Specialty situations	**204**	137	**133**	88	45
Other	**6**	6	**6**	6	—
	$ 1,275	$ 1,330	**$ 692**	$ 773	$ (81)

1. Net of non-controlling and minority interests

Depreciation expenses throughout most of our businesses is generally stable year-over-year except for currency fluctuations. Depletion in our timber business (included in Infrastructure) is based on the volume of harvest in the year, and therefore declined in line with the current slowdown. Depreciation in our special situations investments increased as we began to consolidate the results of two additional businesses in this segment during the year.

Provisions and Other

Provisions and other are comprised primarily of revaluation items which are non-cash accounting adjustments that we are required to record under GAAP to reflect changes in the value of certain contractual arrangements.

	Total		Net [1]		
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008	Variance
Norbord exchangeable debentures	**$ 68**	$ (65)	**$ 68**	$ (65)	$ 133
Interest rate contracts	**(74)**	252	**(69)**	244	(313)
Power contracts	**55**	(94)	**52**	(70)	122
Commercial office revaluation	**169**	147	**146**	73	73
Equity accounted results	**—**	68	**—**	68	(68)
Other	**152**	34	**85**	25	60
	$ 370	$ 342	**$ 282**	$ 275	$ 7

1. Net of non-controlling and minority interests

We recorded a $68 million accounting loss on the settlement of debentures issued by us that are exchangeable into Norbord common shares, and are valued based on the Norbord share price. The loss represents the reversal of non-cash gains previously recorded in this segment. On an economic basis, we realized a $65 million gain on the settlement of the debentures which is reflected in our operating cash flow.

We hold interest rate contracts to provide an economic hedge against the impact of possible higher interest rates on the value of our long duration, interest sensitive physical assets. The U.S. 10-year treasury rate moved from 2.21% to 3.84% during 2009, which led to a $74 million increase in the net value of these contracts of which our share was $69 million. Accounting rules require that we revalue these contracts each period even if the corresponding assets are not revalued.

In our power operations, we enter into long-term contracts to provide generation capacity, and are required to record changes in the market value of these contracts through net income whereas we are not permitted to record the corresponding increase in the value of the capacity and generation that we have pre-sold.

We adjusted the carrying value of commercial office properties located in Australia in 2009 and the U.S. in 2008 based on our intention to restructure the ownership of these properties. This led to a non-cash provision of $146 million (2008 – $73 million).

We recorded net equity accounted losses of $68 million in the prior year from our investment in Norbord. Norbord faced a weak price environment for its principal products due to the weakness in the U.S. homebuilding sector, in addition to higher input costs. We increased our interest in Norbord to 60% at the end of 2008 and commenced accounting for this business on a consolidated basis at that time.

Future Income Taxes

The 2008 future income taxes reflected a non-recurring benefit of $238 million ($479 million prior to non-controlling interests) arising from the conversion of the entity owning a number of our U.S. office properties to a REIT, thereby lowering the applicable effective tax rate on future taxable income from these properties.

CONSOLIDATED BALANCE SHEETS

Assets

We review changes in our financial position on a segmented basis in Part 2 – Review of Operations and reconcile this basis to our consolidated balance sheets on pages 66 and 67 in this section. We also provide an analysis in this section of the major classifications of balances that differ from those utilized in our segmented review.

Total assets at book value increased to $62.0 billion as at December 31, 2009 from $53.6 billion and $55.6 billion at the end of 2008 and 2007 as shown in the following table:

	Book Value		
AS AT DECEMBER 31 (MILLIONS)	**2009**	2008	2007
Assets			
Cash and cash equivalents and financial assets	**$ 3,748**	$ 3,313	$ 4,918
Loans and notes receivable	**1,796**	2,061	909
Investments	**1,924**	890	1,352
Accounts receivable and other	**8,605**	6,925	6,972
Intangible assets	**1,822**	1,632	2,026
Goodwill	**2,343**	2,011	1,528
Property, plant and equipment	**41,664**	36,765	37,892
	$ 61,902	$ 53,597	$ 55,597

The impact of higher currency exchange rates on the carrying values of assets located outside of the United States was a major contributor to the increase in total assets.

We commenced accounting for several investments within our special situations activities on a consolidated basis during the year, which reduced Investments and increased Property, Plant and Equipment as well as Loans and Notes Receivable.

Financial Assets

Financial assets include $0.8 billion (2008 – $1.0 billion) of largely fixed income securities held through our insurance operations, as well as our $158 million (2008 – $143 million) common share investment in Canary Wharf Group, which is included in our commercial office property operations in our segmented analysis, and is carried at historic cost, adjusted to reflect current exchange rates. The decrease reflects the sale of insurance businesses in early 2009.

Investments

Investments represent equity accounted interests in partially owned companies as set forth in the following table, which are discussed further within the relevant business segments in Part 2 – Review of Operations.

		% of Investment		Book Value	
AS AT DECEMBER 31 (MILLIONS)	Business Segment	**2009**	2008	**2009**	2008
Prime Infrastructure	Infrastructure	**40%**	—	**$ 657**	$ —
Transelec	Transmission	**28%**	28%	**378**	324
Property funds	Commercial Office	**13-25%**	20-25%	**480**	233
DBCT	Infrastructure	**49%**	—	**254**	—
Other	Various	**various**	various	**155**	126
Brazil transmission	Transmission	**—**	7-25%	**—**	207
Total				**$ 1,924**	$ 890

During 2009, our subsidiary Brookfield Infrastructure Partners, acquired a 39.9% interest in Prime Infrastructure and a 49.9% interest in the Dalrymple Bay Coal Terminal (“DBCT”) as part of our acquisition and restructuring of a major global infrastructure portfolio. Our investment in property funds increased as we put additional capital in our Multiplex Prime Property Fund and began consolidating that fund’s equity accounted investments. In addition, we benefitted from higher Australian currency rates at the end of the year. We sold our investment in a group of Brazilian transmission lines in early 2009.

Accounts Receivable and Other

AS AT DECEMBER 31 (MILLIONS)	Book Value 2009	2008
Accounts receivable	**$ 4,201**	$ 3,056
Prepaid expenses and other assets	**3,239**	2,650
Restricted cash	**704**	610
Inventory	**461**	609
	$ 8,605	$ 6,925

These balances include amounts receivable by the company in respect of contracted revenues owing but not yet collected, and dividends, interest and fees owing to the company. Prepaid expenses and other assets include amounts accrued to reflect the straight-lining of long-term contracted revenues and capitalized lease values in accordance with accounting guidelines. Restricted cash represents cash balances placed on deposit in connection with financing arrangements and insurance contracts, including the defeasement of long-term property-specific mortgages. The balances increased as a result of higher foreign currency exchange rates on non-U.S. balances and the acquisition of several businesses during the year. The distribution of these assets among our business units is presented in the tables on pages 66 and 67.

Intangible Assets

Intangible assets increased to $1.8 billion at year end from $1.6 billion at the end of 2008 due to the acquisition of a large UK port business. The intangibles in this business primarily relate to long-term concession agreements and rights of way. Other intangible assets at year end represent primarily balances associated with above market leases and tenant relationships within our commercial office business and customer relationships within our property services and construction businesses.

Goodwill

Goodwill represents purchase consideration that is not specifically allocated to the tangible and intangible assets being acquired. Goodwill allocated to our Australian, European and Middle East operations increased to $1.0 billion from $0.8 billion during the year as a result of foreign currency revaluation.

Property, Plant and Equipment

AS AT DECEMBER 31 (MILLIONS)	**Book Value** 2009	2008
Renewable power generation	**$ 5,638**	$ 4,954
Commercial properties	**24,248**	21,517
Infrastructure	**3,247**	2,879
Development activities	**6,426**	5,423
Other plant and equipment	**2,105**	1,992
	$ 41,664	$ 36,765

Commercial properties includes office and retail property assets. Development activities includes opportunity investments, residential properties, properties under development and properties held for development. The increase in other plant and equipment is largely due to the consolidation of Norbord during 2008.

Loans and Notes Receivable

Loans and notes receivable consist largely of loans advanced by our bridge lending operations and real estate securities. and declined as a result of collections and dispositions.

Liabilities and Shareholders' Equity

The analysis of our liabilities and shareholders' equity is based on our consolidated balance sheet, and therefore includes the obligations of consolidated entities, including partially owned funds and subsidiaries.

We note, however, that in many cases our consolidated capitalization includes 100% of the debt of the consolidated entities, even though in most cases we only own a portion of the entity and therefore our pro rata exposure to this debt is much lower. For example, we have access to the capital of our clients and co-investors through public market issuance and, in some cases, contractual obligations to contribute additional equity.

Accordingly, we believe that the two most meaningful bases of presentation to use in assessing our capitalization are proportionate consolidation and deconsolidation. The following tables depict the composition of our capitalization on these bases, along with our consolidated capitalization, all based on the underlying value of our equity and the interests of other investors.

Our deconsolidated capitalization depicts the amount of debt that is recourse to the Corporation, and the extent to which it is supported by our deconsolidated invested capital and remitted cash flows. At year end, our deconsolidated debt to capitalization was 15% (2008 – 14%) which is a prudent level in our opinion. This reflects our strategy of having a relatively low level of debt at the parent company level.

Proportionate consolidation which reflects our proportionate interest in the underlying entities, depicts the extent to which our underlying assets are leveraged, which is an important component of enhancing shareholder returns. We believe the 44% debt-to-capitalization ratio at year end (2008 – 44%) is appropriate given the high quality of the assets, the stability of the associated cash flows and the level of financings that assets of this nature typically support, as well as our liquidity profile.

Our consolidated debt-to-capitalization ratio is slightly higher at 46%, which reflects the full consolidation of several more highly leveraged partially-owned entities, notwithstanding that our capital exposure to these entities is limited. This is in part why we believe that the consolidated capitalization is less meaningful and can only be assessed in the context of the overall asset base of the company, and taking into consideration the full ownership base, including minority shareholders and institutional fund investors, which can be difficult to assess in the context of consolidated financial statements.

The following table presents the components of our capitalization on a deconsolidated, proportionately consolidated and fully consolidated basis, based on underlying values.

	Deconsolidated		Proportionate		Consolidated	
AS AT DECEMBER 31, 2009 (MILLIONS)	**2009**	2008	**2009**	2008	**2009**	2008
Corporate borrowings	**$ 2,593**	$ 2,284	**$ 2,593**	$ 2,284	**$ 2,593**	$ 2,284
Non-recourse borrowings						
Property-specific mortgages	**—**	—	**13,905**	12,389	**26,731**	24,398
Subsidiary borrowings[1]	**779**	675	**3,430**	3,242	**3,663**	3,593
Accounts payable and other	**2,028**	2,239	**7,931**	7,061	**10,866**	9,360
Capital securities	**632**	543	**1,136**	984	**1,641**	1,425
Non-controlling interests[2]	**—**	—	**—**	—	**10,319**	9,082
Shareholders' equity[2]	**16,100**	14,869	**16,100**	14,869	**16,100**	14,869
	$ 22,132	$ 20,610	**$ 45,095**	$ 40,829	**$ 71,913**	$ 65,011
Debt to capitalization	**15%**	14%	**44%**	44%	**46%**	47%

1. Includes $779 million (2008 – $675 million) of contingent swap accruals which are guaranteed by the Corporation and are accordingly included in Corporate Capitalization.
2. Based on fair values prepared for IF RS purposes

The ratios on a book value basis would be higher, however we do not consider them as meaningful for the purpose of this analysis because they reflect the impact of accounting depreciation on our long-life assets as well as the relatively low acquisition prices of assets purchased on an opportunistic basis over the years.

The table above also illustrates our use of subsidiary and property-specific financings to minimize risk. As at December 31, 2009, only 10% of our consolidated debt capitalization is issued or guaranteed by the Corporation, whereas 79% is recourse only to specific assets or groups of assets and 11% is issued by subsidiaries and has no recourse to the Corporation.

The cash flows generated within our operations provides favourable interest and fixed charge coverage ratios, as shown on a consolidated basis in the following table:

	Deconsolidated		Consolidated	
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008
Corporate borrowings	**$ 151**	$ 163	**$ 151**	$ 163
Contingent swap accruals	**84**	72	**84**	72
Property-specific borrowings	**—**	—	**1,189**	1,349
Accounts payable and accruals	**253**	272	**664**	711
Capital securities	**32**	31	**85**	88
Non-controlling interest	**—**	—	**892**	810
Shareholders' equity				
Preferred equity	**43**	44	**43**	44
Common equity	**1,407**	1,379	**1,407**	1,379
Total cash flows	**$ 1,970**	$ 1,961	**$ 4,515**	$ 4,616
Interest coverage[1]	**7x**	7x	**8x**	8x
Fixed charge coverage[2]	**6x**	5x	**6x**	6x

1. Total cash flows divided by interest on corporate and subsidiary borrowings
2. Total cash flows divided by interest on corporate and subsidiary borrowings and distributions on capital securities and preferred equity

Corporate Borrowings

We discuss corporate borrowings on pages 50 and 51.

Subsidiary Borrowings

We capitalize our subsidiary entities to enable continuous access to the debt capital markets, usually on an investment grade basis, thereby reducing the demand for capital from the Corporation and sharing the cost of financing equally among other equity holders in partly owned subsidiaries.

Subsidiary borrowings have no recourse to the Corporation with only a limited number of exceptions. As at December 31, 2009, subsidiary borrowings included $779 million (2008 – $675 million) of financial obligations that are guaranteed by the Corporation.

		Proportionate		Consolidated	
AS AT DECEMBER 31 (MILLIONS)	Average Term	**2009**	2008	**2009**	2008
Subsidiary borrowings					
Renewable power generation	7	**$ 1,144**	$ 652	**$ 1,144**	$ 652
Commercial properties	3	**500**	666	**551**	831
Infrastructure	1	**—**	55	**—**	140
Development activities	1	**475**	394	**475**	394
Special situations	2	**497**	498	**679**	815
Other	4	**35**	86	**35**	86
Contingent swap accruals [1]	6	**779**	675	**779**	675
Total	4	**$ 3,430**	$ 3,026	**$ 3,663**	$ 3,593

1. Guaranteed by the Corporation

Subsidiary borrowings were largely unchanged in aggregate on both a consolidated and proportionate basis. Carrying values of non-U.S. borrowings generally increased as a result of higher currency exchange rates compared to the beginning of 2009. We also issued incremental term debt to fund growth initiatives and to reflect expansion in the borrowing base.

The following table presents our proportionate share of subsidiary borrowing maturities, based on our ownership interest in the borrowing entity:

AS AT DECEMBER 31, 2009 (MILLIONS)	2010	2011	2012	2013 & After	Proportionate Total
Renewable power generation	$ 28	$ 122	$ 380	$ 614	$ 1,144
Commercial properties	341	159	—	—	500
Infrastructure	—	—	—	—	—
Development activities	296	179	—	—	475
Special situations	67	88	180	162	497
Other	35	—	—	—	35
Contingent swap accruals	—	—	—	779	779
	$ 767	$ 548	$ 560	$ 1,555	$ 3,430

Development includes borrowings within our Canadian and U.S. residential business. The residential and property development borrowings are largely of a working capital nature, financing the ongoing development and construction activities, and are typically repaid as the projects, lots or homes being financed are completed and sold, and then re-drawn against any new projects that we elect to pursue.

Property-Specific Borrowings

As part of our financing strategy, we raise the majority of our debt capital in the form of property-specific mortgages that have recourse only to the assets being financed and have no recourse to the Corporation.

		Proportionate		Consolidated	
AS AT DECEMBER 31 (MILLIONS)	Average Term	**2009**	2008	**2009**	2008
Renewable power generation	10	**$ 3,179**	$ 3,043	**$ 4,131**	$ 3,588
Commercial properties	4	**7,735**	6,930	**16,133**	15,219
Infrastructure	7	**879**	587	**2,066**	1,648
Development activities	2	**1,412**	1,476	**2,431**	2,490
Special situations	5	**700**	568	**1,970**	1,453
Total	5	**$ 13,905**	$ 12,604	**$ 26,731**	$ 24,398

Property-specific borrowings increased due to the impact of higher foreign currency rates on non-U.S. borrowings as well as the consolidation of investee companies within our special situations operations as a result of increased ownership levels.

The following table presents our proportionate share of property-specific borrowings maturities, based on our ownership interests in the borrowing entity, adjusted to reflect amortization and repayments to the date of this report:

AS AT DECEMBER 31, 2009 (MILLIONS)	2010	2011	2012	2013 & After	Proportionate Total
Renewable power generation	$ 367	$ 95	$ 499	$ 2,218	$ 3,179
Commercial properties	1,064	1,625	1,237	3,809	7,735
Infrastructure	3	33	—	843	879
Development activities	673	426	199	114	1,412
Special situations	31	97	198	374	700
	$ 2,138	$ 2,276	$ 2,133	$ 7,358	$ 13,905

Renewable power generation and commercial properties borrowings are described in greater detail on pages 26 and 31, respectively. Development includes borrowings associated with our commercial office developments in North America and Australia and properties within our Opportunity fund.

Capital Securities

Capital securities are preferred shares that are convertible into common equity at our option, but are classified as liabilities for GAAP purposes, because the holders of the preferred shares have the right, after a fixed date, to convert the shares into common equity based on the market price of our common shares at that time unless previously redeemed by us.

(MILLIONS)	Average Term to Conversion	Proportionate		Consolidated	
		2009	2008	**2009**	2008
Issued by the Corporation	4	**$ 632**	$ 543	**$ 632**	$ 543
Issued by Brookfield Properties Corporation	5	**504**	441	**1,009**	882
	5	**$ 1,136**	$ 984	**$ 1,641**	$ 1,425

The carrying values of existing capital securities increased slightly due to the higher Canadian dollar, in which most of these securities are denominated. The average distribution yield on the capital securities at December 31, 2009 was 6% (December 31, 2008 – 6%) and the average term to the holders' conversion date was five years (December 31, 2008 – six years).

Non-controlling Interests in Net Assets

Interests of co-investors in net assets are comprised of two components: participating interests held by other holders in our funds and subsidiary companies, and non-participating preferred equity issued by subsidiaries.

AS AT DECEMBER 31 (MILLIONS)	Number of Shares /% Interest		Book Value	
	2009	2008	**2009**	2008
Participating interests				
Renewable power generation	**various**	various	**$ 148**	$ 192
Commercial properties				
Brookfield Properties Corporation	**252.0 / 49%**	196.6 / 49%	**2,438**	1,760
Property funds and other	**various**	various	**783**	437
Infrastructure				
Timberlands	**various**	various	**1,166**	995
Utilities/Transportation	**various**	various	**718**	246
Development activities				
Brookfield Homes Corporation	**11.2 / 40%**	11.2 / 47%	**147**	176
Brookfield Incorporações S.A.	**249.7 / 57%**	149.4 / 57%	**909**	446
Brookfield Real Estate Opportunity Funds	**various**	various	**166**	127
Specialty Situations	**various**	various	**1,479**	1,186
Investments	**various**	various	**228**	310
			8,182	5,875
Non-participating interests				
Brookfield Australia			**392**	324
Brookfield Properties Corporation			**395**	122
			787	446
			$ 8,969	$ 6,321

The value of non-controlling interests in net assets held by other investors increased from $6.3 billion at the end of 2008 to $9.0 billion at the end of 2009 on a book value basis. The increase in the book value of participating interests in Brookfield Properties of $678 million reflects $500 million of common equity to shareholders other than the Corporation as part of a $1 billion common equity issue completed in 2009. Non-participating interests in Brookfield Properties increased due to a C$288 million preferred equity issue. We issued $530 million of common equity from Brookfield Incorporações S.A. to minority shareholders during the year. The increase in the special situations segment reflects the consolidation of several businesses in which we increased our interest during the year. Balances associated with non-U.S. businesses also increased in line with the higher foreign currency rates.

Contractual Obligations

The following table presents the contractual obligations of the company by payment periods:

AS AT DECEMBER 31, 2009 (MILLIONS)	Total	Payments Due by Period: Less than One Year	2 – 3 Years	4 – 5 Years	After 5 Years
Long-term debt					
Property-specific mortgages	**26,731**	2,777	9,936	4,656	9,362
Other debt of subsidiaries	**3,663**	842	1,204	224	1,393
Corporate borrowings	**2,593**	200	810	582	1,001
Capital securities	**1,641**	—	425	614	602
Lease obligations	**1,599**	36	43	32	1,488
Commitments	**1,285**	1,285	—	—	—
Interest expense[1]					
Long-term debt	**6,085**	1,677	2,449	1,537	422
Capital securities	**480**	22	267	132	59
Interest rate swaps	**329**	82	230	14	3

1. 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

Commitments of $1,285 million (2008 – $1,269 million) represent various contractual obligations of the company and its subsidiaries assumed in the normal course of business, including commitments to provide bridge financing, and letters of credit and guarantees provided in respect of power sales contracts and reinsurance obligations, of which $244 million (2008 – $211 million) is included as liabilities in the consolidated balance sheets.

Corporate Dividends

The distributions paid by Brookfield on outstanding securities during the past three years are as follows:

	Distribution per Security: 2009	2008	2007
Class A Common Shares	**$ 0.52**	$ 0.51	$ 0.47
Class A Common Shares – special [1]	**—**	0.94	—
Class A Preferred Shares			
Series 2	**0.39**	0.83	0.99
Series 4 + Series 7	**0.39**	0.83	0.99
Series 8	**0.56**	1.18	1.10
Series 9	**0.96**	1.02	1.01
Series 10	**1.26**	1.35	1.34
Series 11	**1.21**	1.29	1.28
Series 12	**1.19**	1.27	1.26
Series 13	**0.39**	0.83	0.99
Series 14	**1.47**	3.06	3.57
Series 15	**0.25**	0.99	1.15
Series 17 [2]	**1.04**	1.12	1.11
Series 18 [3]	**1.04**	1.12	0.71
Series 21 [4]	**1.10**	0.58	—
Series 22 [5]	**0.92**	—	—
Preferred Securities			
Due 2050 [6]	**—**	—	0.01
Due 2051 [7]	**—**	—	0.95

1. Represents the book value of Brookfield Infrastructure special dividend
2. Issued November 20, 2006
3. Issued May 9, 2007
4. Issued June 25, 2008
5. Issued June 4, 2009
6. Redeemed January 2, 2007
7. Redeemed July 3, 2007

Off Balance Sheet Arrangements

We conduct our operations primarily through entities that are fully or proportionately consolidated in our financial statements. We do hold non-controlling interests in entities which are accounted for on an equity basis, as are interests in some of our funds, however we do not guarantee any financial obligations of these entities other than our contractual commitments to provide capital to a fund, which are limited to predetermined amounts.

We utilize various financial instruments in our business to manage risk and make better use of our capital. The fair values of these instruments that are reflected on our balance sheets, are disclosed in Note 17 to our Consolidated Financial Statements and under Financial and Liquidity Risks beginning on page 74.

Basic and Diluted Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

	Operating Cash Flow		Net Income	
FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008	**2009**	2008
Net income/operating cash flow	**$ 1,450**	$ 1,423	**$ 454**	$ 649
Preferred share dividends	**(43)**	(44)	**(43)**	(44)
Net income available for common shareholders	**$ 1,407**	$ 1,379	**$ 411**	$ 605
Weighted average – common shares	**572**	581	**572**	581
Dilutive effect of the conversion of options using treasury stock method	**8**	11	**8**	11
Common shares and common share equivalents	**580**	592	**580**	592

Issued and Outstanding Common Shares

The number of issued and outstanding common shares changed as follows:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**	2008
Outstanding at beginning of year	**572.6**	583.6
Issued (repurchased)		
Dividend reinvestment plan	**0.2**	0.2
Management share option plan	**1.6**	3.0
Issuer bid purchases	**(1.5)**	(14.2)
Outstanding at end of year	**572.9**	572.6
Unexercised options	**34.9**	27.7
Total diluted common shares at end of year	**607.8**	600.3

In calculating our book value per common share, the cash value of our unexercised options of $634 million (2008 – $446 million) is added to the book value of our common share equity of $6,403 million (2008 – $4,911 million) prior to dividing by the total diluted common shares presented above.

As of March 30, 2010 the Corporation had outstanding 573,790,494 Class A Limited Voting Shares and 85,120 Class B Limited Voting Shares.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the company's cash flows on a consolidated basis:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009	2008
Operating activities	**$ 1,175**	$ 1,612
Financing activities	**1,344**	(1,121)
Investing activities	**(2,386)**	(810)
Increase / (decrease) in cash and cash equivalents	**$ 133**	$ (319)

Operating Activities

Cash flow from operating activities is reconciled to the operating cash flow measure utilized elsewhere in this report as follows:

FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	2009	2008
Operating cash flow	**$ 1,450**	$ 1,423
Adjust for:		
Net change in working capital balances and other	**(519)**	(234)
Realization gains	**(413)**	(164)
Undistributed non-controlling interests in cash flow	**657**	587
Cash flow from operating activities	**$ 1,175**	$ 1,612

The operating cash flow generated within consolidated entities that is attributable to other investors, and therefore not included in our own operating cash flow, exceeded the amounts distributed to those investors by $657 million (2008 – $587 million). This cash flow is available to reinvest in the businesses, reduce debt or to fund future distributions.

Financing Activities

We generated $1.3 billion of cash from financing activities in 2009, compared to the utilization of $1.1 billion in 2008. We raised $2.6 billion (2008 – $410 million) of net equity from investors from the public and private markets through the issuance of common and preferred shares, capital securities and fund capital. These proceeds were used to pursue acquisition and development activities included under Investing Activities, to delever certain business units and to temporarily repay revolving credit facilities, as reflected in the cash used to reduce property-specific borrowings and other debt of subsidiaries.

Investing Activities

We invested net capital of $2.4 billion in 2009 on a consolidated basis, compared with $0.8 billion in 2008. We acquired a global portfolio of infrastructure assets in the fourth quarter of 2009 for $1.1 billion. In addition, we continued to invest in renewable power and commercial properties developments and completed a number of smaller investments across our operating platforms.

Balance Sheet

(MILLIONS)	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Cash and Financial Assets	Other Assets	Corporate	Consolidated Financial Statements
	AS AT DECEMBER 31, 2009								
Assets									
Operating assets									
Property, plant and equipment									
Renewable power generation	$ 5,638	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 5,638
Commercial properties	—	21,339	—	—	924	—	—	—	22,263
Infrastructure	—	—	3,247	—	—	—	—	—	3,247
Development activities	—	2,007	256	5,961	76	—	111	—	8,411
Other plant and equipment	—	7	—	4	2,068	—	26	—	2,105
Cash and cash equivalents	155	390	58	316	324	41	91	—	1,375
Financial assets	(37)	489	10	(148)	370	1,689	—	—	2,373
Loans and notes receivable	—	—	—	—	1,639	157	—	—	1,796
Investments	—	535	1,320	28	17	24	—	—	1,924
Accounts receivable and other	1,256	1,768	184	2,845	1,314	—	1,238	—	8,605
Intangible assets	—	764	312	439	127	—	180	—	1,822
Goodwill	31	419	591	311	34	—	957	—	2,343
Total assets	**$ 7,043**	**$ 27,718**	**$ 5,978**	**$ 9,756**	**$ 6,893**	**$ 1,911**	**$ 2,603**	**$ —**	**$ 61,902**
Liabilities									
Corporate borrowings	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,593	$ 2,593
Non-recourse borrowings									
Property-specific borrowings	4,131	16,133	2,066	2,431	1,844	126	—	—	26,731
Subsidiary borrowings	1,144	551	—	475	679	33	2	779	3,663
Accounts payable and other liabilities	806	2,374	806	2,754	1,003	38	765	2,212	10,758
Capital securities	—	1,009	—	—	—	—	—	632	1,641
Non-controlling interests	147	3,386	1,882	1,867	1,630	57	—	—	8,969
Shareholders' equity									
Preferred equity	—	—	—	—	—	—	—	1,144	1,144
Common equity / net invested capital	815	4,265	1,224	2,229	1,737	1,657	1,836	(7,360)	6,403
Total liabilities and shareholders' equity	**$ 7,043**	**$ 27,718**	**$ 5,978**	**$ 9,756**	**$ 6,893**	**$ 1,911**	**$ 2,603**	**$ —**	**$ 61,902**
Net invested capital at underlying value	**$ 8,318**	**$ 4,841**	**$ 1,546**	**$ 2,403**	**$ 1,631**	**$ 1,645**	**$ 1,748**	**$ (6,032)**	**$ 16,100**

Results from Operations

(MILLIONS)	Asset Management	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Investment Income/Gains	Corporate	Consolidated Financial Statements
	FOR THE YEAR ENDED DECEMBER 31, 2009								
Fees earned	$ 298	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 298
Revenues less direct operating costs									
Renewable power generation	—	1,138	—	—	—	—	—	—	1,138
Commercial properties	—	—	1,772	—	—	(2)	—	—	1,770
Infrastructure	—	—	—	109	—	—	—	—	109
Development activities	—	—	—	9	320	—	—	—	329
Special situations	—	—	—	—	—	119	—	—	119
Investment and other income	—	—	82	96	6	192	376	—	752
	298	1,138	1,854	214	326	309	376	—	4,515
Expenses									
Interest	—	342	888	98	72	85	32	267	1,784
Operating costs	—	—	120	9	—	14	—	250	393
Current income taxes	—	25	13	12	(14)	(43)	—	3	(4)
Non-controlling interests	—	111	477	31	134	141	(2)	—	892
Cash flow from operations	**$ 298**	**$ 660**	**$ 356**	**$ 64**	**$ 134**	**$ 112**	**$ 346**	**$ (520)**	**$ 1,450**

Balance Sheet

(MILLIONS)	AS AT DECEMBER 31, 2008								
	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Cash and Financial Assets	Other Assets	Corporate	Consolidated Financial Statements
Assets									
Operating assets									
Property, plant and equipment									
Renewable power generation	$ 4,954	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 4,954
Commercial properties	—	19,274	—	—	—	—	—	—	19,274
Infrastructure	—	—	2,879	—	—	—	—	—	2,879
Development activities	—	2,324	105	5,066	47	—	124	—	7,666
Other plant and equipment	—	27	—	—	1,933	—	32	—	1,992
Cash and cash equivalents	138	433	61	125	293	156	36	—	1,242
Financial assets	219	(71)	—	(305)	384	1,844	—	—	2,071
Loans and notes receivable	—	—	—	—	1,921	140	—	—	2,061
Investments	—	252	544	37	29	28	—	—	890
Accounts receivable and other	1,135	1,446	228	1,666	1,353	—	1,097	—	6,925
Intangible assets	—	911	5	460	125	—	131	—	1,632
Goodwill	27	321	591	234	46	—	792	—	2,011
Total assets	**$ 6,473**	**$ 24,917**	**$ 4,413**	**$ 7,283**	**$ 6,131**	**$ 2,168**	**$ 2,212**	**$ —**	**$ 53,597**
Liabilities									
Corporate borrowings	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,284	$ 2,284
Non-recourse borrowings									
Property-specific borrowings	3,588	15,219	1,648	2,490	1,298	155	—	—	24,398
Subsidiary borrowings	652	831	140	394	815	86	—	675	3,593
Accounts payable and other liabilities	826	2,556	624	1,804	937	—	754	2,294	9,795
Capital securities	—	882	—	—	—	—	—	543	1,425
Non-controlling interests	192	2,207	1,241	1,184	1,409	88	—	—	6,321
Shareholders' equity									
Preferred equity	—	—	—	—	—	—	—	870	870
Common equity / net invested capital	1,215	3,222	760	1,411	1,672	1,839	1,458	(6,666)	4,911
Total liabilities and shareholders' equity	**$ 6,473**	**$ 24,917**	**$ 4,413**	**$ 7,283**	**$ 6,131**	**$ 2,168**	**$ 2,212**	**$ —**	**$ 53,597**
Net invested capital at underlying value	**$ 8,478**	**$ 4,702**	**$ 1,174**	**$ 1,426**	**$ 1,622**	**$ 1,903**	**$ 1,305**	**$ (5,741)**	**$ 14,869**

Results from Operations

(MILLIONS)	FOR THE YEAR ENDED DECEMBER 31, 2008								
	Asset Management	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Investment Income/Gains	Corporate	Consolidated Financial Statements
Fees earned	$ 289	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 289
Revenues less direct operating costs									
Renewable power generation	—	886	—	—	—	—	—	—	886
Commercial properties	—	—	1,831	—	—	—	—	—	1,831
Infrastructure	—	—	—	196	—	—	—	—	196
Development activities	—	—	(1)	5	160	2	—	—	166
Special situations	—	—	—	—	—	304	—	—	304
Investment and other income	—	—	132	153	(25)	208	476	—	944
	289	886	1,962	354	135	514	476	—	4,616
Expenses									
Interest	—	313	1,090	102	50	107	56	266	1,984
Operating costs	—	—	109	15	—	19	—	263	406
Current income taxes	—	21	15	13	(73)	8	—	9	(7)
Non-controlling interests	—	86	451	83	98	97	(5)	—	810
Cash flow from operations	**$ 289**	**$ 466**	**$ 297**	**$ 141**	**$ 60**	**$ 283**	**$ 425**	**$ (538)**	**$ 1,423**



In this section we discuss our business strategy, our capabilities as they relate to our ability to execute our strategy and our approach to financings, the key performance factors that form an integral part of this strategy and key financial measures that are indicative of our progress. This section also contains a review of certain aspects of the business environment and risks that could affect our performance.

BUSINESS STRATEGY

We are a global asset management company focused on property, renewable power and infrastructure assets. We have spent many years building high quality operating platforms that enable us to acquire, finance and optimize the value of assets for our own benefit, and for our clients whose capital we manage.

We believe that the best way to create long-term shareholder value is to generate increasing operating cash flows and net asset value, measured on a per share basis, over a very long period of time. Accordingly, we concentrate on high quality long-life assets that generate sustainable cash flows, require minimal sustaining capital expenditures and tend to appreciate in value over time. Often these assets will benefit from some form of barrier to entry due to regulatory, physical or cost structure factors. While high quality assets may initially generate lower returns on capital, we believe that the sustainability and future growth of their cash flows are more assured over the long term, and as a result, warrant higher valuation levels. We also believe that the high quality of our asset base protects the company against future uncertainty and enables us to invest with confidence when opportunities arise.

Consistent with this focus, we own and operate large portfolios of hydroelectric power generating stations, office properties, private timberlands and regulated transportation and utility systems that, in our opinion, share these common characteristics. These assets represent important components of the infrastructure that supports the global economy.

We believe the demand from institutional investors to own assets of this nature is increasing as they seek to earn increasing yields to meet their investment objectives. These assets, in our view, represent attractive alternatives to traditional fixed income investments, providing in many cases a “real return” that increases over time, relatively low volatility and strong capital protection. There is a substantial supply of investment opportunities in the form of existing assets as well as the need for continued development in an ever expanding global economy. At the same time, we believe there are relatively few global organizations focused on managing assets of this nature as a primary component of their strategy.

Accordingly, an important component of our long-term strategy for growth is centred around expanding our assets under management, which should lead to increased fee revenues and long-term opportunities to earn performance returns. We plan to achieve this within our existing operating platforms, and by developing and acquiring platforms to operate new asset classes that demonstrate characteristics that are similar to our existing assets. We also plan to achieve growth by expanding our distribution capabilities to access a broader range of investment partners, thereby increasing our access to capital. This increased capital, when coupled with new investment opportunities, should increase our assets under management and the associated income as well as direct investment returns, thereby increasing shareholder value.

Capabilities

We believe that we have the necessary capabilities to execute our business strategy and achieve our performance targets. We focus on disciplined and active hands-on management of assets and capital. We strive for excellence and quality in each of our core operating platforms in the belief that this approach will produce superior returns over the long term.

We endeavour to operate as a value investor and follow a disciplined investment approach. Our management team has considerable capabilities in investment analysis, mergers and acquisitions, divestitures and corporate finance that enable us to acquire assets for value, finance them effectively, and to ultimately realize value created during our ownership.

Our operating platforms and depth of experience in managing these assets differentiate us from some competitors that have shorter investment horizons and more of a financial focus. Over time we have established a number of high quality operating platforms that are fully integrated into our organization. This has required considerable investment in building the management teams and the necessary resources; however, we believe these platforms enable us to optimize the cash returns and values of the assets that we manage.

We have established strong relationships with a number of leading institutions and believe we are well positioned to expand our sources of co-investment capital and clients. In order to expand our assets under management, we are investing in our distribution capabilities to encourage existing and potential clients to commit capital to our investment strategies. We are devoting expanded resources to these activities, and our efforts continue to be assisted by strong investment performance.

The diversification within our operations allows us to offer a broad range of products and investment strategies to our clients. We believe this is of considerable value to investors with large amounts of capital to deploy. In addition, our commitment to transparency and governance as a well-capitalized public company listed on major North American and European stock exchanges positions us as a desirable long-term partner for our clients.

Finally, our commitment to invest a meaningful amount of capital alongside our investors creates a strong alignment of interest between us and our investment partners and also differentiates us from many of our competitors. Accordingly, our strategy calls for us to maintain considerable surplus financial resources relative to other managers. This capital also supports our ability to commit to investment opportunities on our own account when appropriate or in anticipation of future syndications.

Financing Approach

The strength of our capital structure and the liquidity that we maintain enable us to achieve a low cost of capital for our shareholders and at the same time provide us with the flexibility to react quickly to potential investment opportunities and adverse changes in economic circumstances, such as we have witnessed over the past 18 months.

The following are the key elements of our capital strategy:

- Match fund our long-life assets with long-duration mortgage financings with a diversified maturity schedule;
- Provide recourse only to the specific assets being financed, with limited cross collateralization or parental guarantees;
- Limit borrowings to investment grade levels based on anticipated performance throughout a business cycle;
- Structure our affairs to facilitate access to capital and liquidity at multiple levels of the organization; and
- Maintain access to a broad range of financing markets.

As a result of the foregoing, most of our borrowings are in the form of long-term, property-specific financings such as mortgages or project financings secured only by the specific assets. The diversification of our maturity schedule means that financing requirements in any given year are manageable. Limiting

recourse to specific assets or business units ensures that weak performance by one asset or business unit does not compromise our ability to finance the balance of the operations.

Our focus on structuring financings with investment grade characteristics ensures that debt levels on any particular asset or business can typically be maintained throughout a business cycle, and also enables us to limit covenants and other performance requirements, thereby reducing the risk of early payment requirements or restrictions on the distribution of cash from the assets being financed. Furthermore, our ability to finance at the parent, operating unit, and asset level on a private or public basis means that we are not overly dependent on any particular segment of the capital markets or the performance of any particular unit.

To enable us to react to attractive investment opportunities and deal with contingencies when they arise, we typically maintain a high level of liquidity at the corporate level and within our key operating platforms. Our primary sources of liquidity, which we refer to as “core liquidity,” consist of our cash and financial assets, net of deposits and other associated liabilities, and undrawn committed credit facilities.

We generate substantial liquidity within our operations on an ongoing basis through our operating cash flow, which typically exceeds $1.5 billion on an annual basis, as well as from the turnover of assets with shorter investment horizons and periodic monetization of our longer-dated assets through sales, refinancings or co-investor participations. Accordingly, we believe we have the necessary liquidity to manage our financial commitments and to capitalize on opportunities to invest capital at attractive returns. Nevertheless, we are cognizant of the current instability in the capital markets and continue to place a premium on liquidity and allocate capital in a cautious manner.

Key Performance Factors

Our ability to increase our operating cash flows is impacted by our ability to generate attractive returns on the capital invested on behalf of ourselves and our clients, and our ability to increase the amount of the capital that we manage on behalf of our clients. These two criteria are linked, in that the quality of our investment returns will encourage clients to commit capital to us, and our access to this capital will enable us to pursue a broader range of investment opportunities.

Investment returns are influenced by a number of factors that are specific to each asset and industry segment. There are however, four key objectives that we focus on across the organization.

- Acquire assets “for value”: meaning that the projected cash flows and value appreciation of the asset represent an attractive risk-adjusted return to ourselves and our co-investors.
- Optimize the cash returns and value of the asset on an ongoing basis. In most cases, this is the responsibility of one of our operating platforms, and is evidenced by the return on asset metrics and operating margins.
- Finance assets effectively, using a prudent amount of leverage. We believe the majority of assets are well suited to support a relatively high level of investment grade secured debt with long maturity dates given the predictability of the cash flows and tendency of these assets to retain substantial value throughout economic cycles. This is reflected in our return on net capital deployed, our overall return on capital and our cost of capital.
- Position our assets so that they can be easily monetized through a sale or refinancing. While we tend to hold our assets for extended periods of time, we endeavor to maximize our ability to realize the value and liquidity of our assets on short notice.

Expanding our client relationships is impacted not only by our investment returns, as discussed above, but also by the quality of our distribution capabilities and by maintaining a high level of ongoing client service. This involves transparent and timely communication of results, ongoing engagement and responsiveness to client objectives and generation of attractive investment opportunities.

Key Financial Measures

Our key performance measures are total return, which are the increase the underlying value together with dividends, and the long-term growth rate of operating cash flow, both on a per share basis. We also measure the cash return on book equity, which demonstrates how effective we are at deploying the capital with which we have been entrusted by shareholders. Our goal is to achieve growth rates in these measures of between 12% and 15%, measured over a long-term basis, respectively. We revisit these targets periodically in light of the current operating environment to ensure that they are realistic and can be achieved without exposing the organization to inappropriate risk.

The amount of co-investor capital commitments is also an important measure. One of our objectives is to expand the amount of capital committed to us by our clients because this provides us with capital to expand our business and also entitles us to earn asset management income based on our ability to successfully invest this capital. Asset management income is an important measure in that it is indicative of the cash flow generated from our asset management activities, which is an important source of potential growth in our operating cash flows.

We utilize operating cash flow as a key operating metric as opposed to net income, principally because operating cash flow does not include certain items such as depreciation and amortization expense, and future income tax expense.

Depreciation as prescribed by GAAP, for example, implies these assets decline in value on a pre-determined basis over time, whereas we believe that the value of most of our assets, as long as regular sustaining capital expenditures are made, will typically increase over time. This increase in value will inevitably vary based on a number of market and other conditions that cannot be determined in advance, and may sometimes be negative in a particular period. Future income tax expense, in our case, is derived primarily from changes in the magnitude and quality of our tax losses and the differences between the tax values and book values of our assets, as opposed to current cash liabilities. Brookfield has access to significant tax shields as a result of the nature of our asset base, and we do not expect to incur any meaningful cash tax liability in the near future from ongoing operations.

Definitions

The following are definitions of the key metrics used in this MD&A to measure performance, operating profile and financial position.

Operating Cash Flow is a key measure of our financial performance. This is not a generally accepted accounting principle ("GAAP") measure and differs from net income, and may differ from definitions of operating cash flow used by other companies. We define operating cash flow as net income prior to such items as depreciation and amortization, future income tax expense and certain non-cash items that in our view are not reflective of the performance of the underlying operations. We provide this measure to investors as a measurement tool which we believe assists in analysis of the company, in addition to other traditional measures, which we also provide. We recognize the importance of net income as a GAAP measure to investors and provide a full reconciliation between these measures.

Invested Capital is the amount of capital, measured based on underlying values, that we have invested in a particular business or asset. It is shown net of the associated financial obligations and interests of other shareholders. We reconcile invested capital to our consolidated financial statements on pages 66 and 67 of the MD&A.

Underlying Values are prepared using the procedures and assumptions that we intend to follow in preparing our financial statements under IFRS. They reflect most of our tangible assets at fair value with corresponding adjustments to non-controlling interests and shareholders' equity. We have included adjustments to reflect the value of certain assets not carried at fair value under IFRS such as including residential land inventories that are carried at the lower cost or market value and investments that are carried at historical cost and designated these amounts as "unrecognized value under IFRS" in determining underlying value.

We utilize underlying values on a pre-tax basis in assessing the performance of our business. We do this because the tax liabilities established under accounting guidelines are calculated on the basis that we were to liquidate the business based on the same underlying values at the balance sheet date, whereas we have no intention to do this. To the contrary, we expect to hold most of our assets for extended periods

of time or otherwise defer this liability. We note that the deferred tax liability is similar in this sense to the float in an insurance company which is available for investment to the benefit of shareholders for an extended period of time or even indefinitely.

Assets Under Management include assets managed by us on behalf of our clients, as well as our own assets. We invest capital alongside our clients in many of our funds, and we continue to own a number of assets that we acquired prior to the formation of our asset management operations and are therefore not part of any fund. Assets under management are based on underlying values consistent with the balance of the MD&A values. Assets under management also include capital commitments that have not yet been drawn. Our calculation of assets under management may differ from that employed by other asset managers and, as a result, this measure may not be comparable to similar measures presented by other asset managers.

Co-investor Commitments represent capital that has been committed to us to invest on behalf of the client. We typically, but not always, earn base management fees on this capital from the time that the commitment to the fund is effective, during the period of time until the capital is invested (commonly referred to as the investment period) until such time as the investments are monetized and the proceeds returned to the client. In certain cases clients retain the right to approve individual investments before providing the capital to fund them. In these cases, we refer to the capital as “pledged” or “allocated”. Committed capital includes invested capital and commitments or allocations that have not yet been invested.

Uninvested commitments represent capital available to us to invest and form part of our overall liquidity for these purposes.

BUSINESS ENVIRONMENT AND RISKS

The following is a review of certain risks that could adversely impact our financial condition, results of operations and the value of our common shares. Additional risks and uncertainties not previously known to the Corporation, or that the Corporation currently deems immaterial, may also impact our operations and financial results.

General Risks

We are exposed to the local, regional, national and international economic conditions and other events and occurrences that affect the markets in which we own assets and operate businesses. In general, a protracted decline in economic conditions will result in downward pressure on our operating margins and asset values as a result of lower demand for the services and products that we provide. We believe that the long-life nature of our assets and, in many cases, the long-term nature of revenue contracts mitigates this risk to some degree.

Each segment of our business is subject to competition in varying degrees. This can result in downward pressure on revenues which can, in turn, reduce operating margins and thereby reduce operating cash flows and investment returns. In addition, competition could result in scarcity of inputs which can impact certain of our businesses through higher costs. We believe that the high quality and low operating costs of many of our assets and businesses provide some measure of protection in this regard.

A number of our long-life assets are interest rate sensitive: an increase in long-term interest rates will, absent all else, tend to decrease the value of the assets. We mitigate this risk in part by financing assets with long-term fixed rate debt, which will typically decrease in value as rates increase. In addition, we believe that many conditions that lead to higher interest rates, such as inflation, can also give rise to higher revenues which will, absent all else, tend to increase asset values.

The trading price of our common shares in the open market cannot be predicted. The trading price could fluctuate significantly in response to factors such as: variations in our quarterly or annual operating results and financial condition; changes in government regulations affecting our business; the announcement of significant events by our competitors; market conditions and events specific to the industries in which we operate; changes in general economic conditions; differences between our actual financial and operating results and those expected by investors and analysts; changes in analysts’ recommendations or projections; the depth and liquidity of the market for our common shares; investor perception of our business and industry; investment restrictions; and our dividend policy. In addition, securities markets have experienced significant price and volume fluctuations in recent years that have often been unrelated

or disproportionate to the operating performance of particular companies. These broad fluctuations have, in the past, and may, in the future, adversely affect the trading price of our common shares.

Execution of Strategy

Our strategy for building shareholder value is to acquire or develop high quality assets and businesses that generate sustainable and increasing cash flows on behalf of ourselves and co-investors, with the objective of achieving higher returns on our invested capital and our asset management activities over the long term. Our diversified business base, liquidity and the sustainability of our cash flows provide important elements of strength.

We consider effective capital allocation to be one of the most important components to achieving long-term investment success. As a result, we apply a rigorous approach towards the allocation of capital among our operations. Capital is invested only when the expected returns exceed pre-determined thresholds, taking into consideration both the degree and magnitude of the relative risks and upside potential and, if appropriate, strategic considerations in the establishment of new business activities.

The successful execution of a value investment strategy requires careful timing and business judgment, as well as the resources to complete asset purchases and restructure them as required, notwithstanding difficulties experienced in a particular industry.

We endeavour to maintain an appropriate level of liquidity in order to invest on a value basis when attractive opportunities arise. Our approach to business entails adding assets to our existing businesses when the competition for assets is lowest, either due to depressed economic conditions or when concerns exist relating to a particular industry. However, there is no certainty that we will be able to acquire or develop additional high quality assets at attractive prices to supplement our growth. Conversely, overly favourable economic conditions can limit the number of attractive investment opportunities and thereby restrict our ability to increase assets under management and the related benefits. Competition from other well-capitalized investors may significantly increase the purchase price or prevent us from completing an acquisition. We may be unable to finance acquisitions on favourable terms, or newly acquired assets and businesses may fail to perform as expected. We may underestimate the costs necessary to bring an acquisition up to standards established for its intended market position or may be unable to quickly and efficiently integrate new acquisitions into our existing operations.

We develop property, power generation and other infrastructure assets. In doing so, we must comply with extensive and complex regulations affecting the development process. These regulations impose on us additional costs and delays, which may adversely affect our business and results of operations. In particular, we are required to obtain the approval of numerous governmental authorities regulating matters such as permitted land uses, levels of density, the installation of utility services, zoning and building standards. We must comply with local, state and federal laws and regulations concerning the protection of health and the environment, including laws and regulations with respect to hazardous or toxic substances. These environmental laws and regulations sometimes result in delays, which cause us to incur additional costs, or severely restrict development activity in environmentally sensitive regions or areas.

Our ability to successfully expand our asset management activities is dependent on our reputation with our current and potential investment partners. We believe that our track record and recent investments, as well as adherence to operating principles that emphasize a constructive management culture, will enable us to continue to develop productive relationships with institutional investors. However, competition for institutional capital, particularly in the asset classes on which we focus, is intense. Although we seek to differentiate ourselves there is no assurance that we will be successful in doing so and this competition may reduce the margins of our asset management business and may decrease the extent of institutional investor involvement in our activities.

The decline in market value of financial instruments and other investments has had an adverse effect on the investment portfolios of the insurance companies, pension funds, endowments, sovereign wealth funds and other institutional investors that we seek to partner with in our investments although this situation improved somewhat due to strong capital market returns during the second half of 2009. In the long run, we believe that investors will be increasingly attracted to our approach to asset management which focuses on high quality real assets, conservative financing and an operations-based approach to creating value. In

the nearer term, however, the financial market dynamics may reduce the ability of our investment partners to commit to new investments unless they are pursuant to existing commitments.

Our executive and other senior officers have a significant role in our success. Our ability to retain our management group or attract suitable replacements should any members of the management group leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely impact our financial condition and cash flow. Further, such a loss could be negatively perceived in the capital markets. The conduct of our business and the execution of our growth strategy rely heavily on teamwork. Co-operation amongst our operations and our team-oriented management structure is essential to responding promptly to opportunities and challenges as they arise. We believe that our hiring and compensation practices encourage retention and teamwork, and reward executives for performance over the long term in a manner that places an appropriate emphasis on risk management, and encourages, and appropriately matches rewards, with long-term value creation.

We participate in joint ventures, partnerships, co-tenancies and funds affecting many of our assets and businesses. Investments in partnerships, joint ventures, co-tenancies or other entities may involve risks not present were a third party not involved, including the possibility that our partners, co-tenants or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners, co-venturers or co-tenants might at any time have different economic or other business interests or goals. In addition, we do not have sole control of certain major decisions relating to these assets and businesses, including: decisions relating to the sale of the assets and businesses; refinancing; timing and amount of distributions of cash from such entities to the Corporation; and capital expenditures.

Some of our management arrangements permit our partners to terminate the management agreement in limited circumstances relating to enforcement of the managers' obligations. In addition, the sale or transfer of interests in some of our assets or entities is subject to rights of first refusal or first offer and some agreements provide for buy-sell or similar arrangements. Such rights may be triggered at a time when we may not want to sell but may be forced to do so because we may not have the financial resources at that time to purchase the other party's interest. Such rights may also inhibit our ability to sell our interest in an entity within our desired time frame or on any other desired basis.

Financial and Liquidity Risks

We employ debt and other forms of leverage in the ordinary course of our business in order to enhance returns to shareholders and our co-investors. We attempt to match the profile of the leverage to the associated assets and accordingly typically fund shorter-duration floating rate assets with shorter-term floating rate debt and fund long-term fixed rate and equity-like assets with long-term fixed rate and equity capital. Most of the debt within our business has recourse only to the assets or subsidiary being financed and has no recourse to the Corporation.

Accordingly, we are subject to the risks associated with debt financing. These risks, including the following, may adversely affect our financial condition and results of operations: our cash flow may be insufficient to meet required payments of principal and interest; payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses; we may not be able to refinance indebtedness on our assets at maturity due to company and market factors including: the estimated cash flow of our assets; the value of our assets; liquidity in the debt markets; financial, competitive, business and other factors, including factors beyond our control; and if refinanced, the terms of a refinancing may not be as favourable as the original terms of the related indebtedness. We attempt to mitigate these risks through the use of long-term debt and by diversifying our maturities over an extended period of time. We also strive to maintain adequate liquidity to refinance obligations.

The terms of our various credit agreements and other financing documents require us to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios, insurance coverage and, in limited circumstances, rating levels. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if we had satisfied our payment obligations.

If we are unable to refinance our indebtedness on acceptable terms, or at all, we may need to utilize

available liquidity, which would reduce our ability to pursue new investment opportunities, or dispose of one or more of our assets upon disadvantageous terms. Moreover, prevailing interest rates or other factors at the time of refinancing could increase our interest expense, and if we pledge assets to secure payment of indebtedness and are unable to make required payments, the creditor could foreclose upon such asset or appoint a receiver to receive an assignment of the associated cash flows.

A large proportion of our capital is invested in physical assets which can be hard to sell, especially if local market conditions are poor. Such liquidity could limit our ability to vary our portfolio or assets promptly in response to changing economic or investment conditions. Additionally, financial or operating difficulties of other owners resulting in distress sales could depress asset values in the markets in which we operate in times of illiquidity. These restrictions could reduce our ability to respond to changes in the performance of our investments and market conditions and could adversely affect our financial condition and results of operations.

We periodically enter into agreements that commit us to acquire assets or securities. In some cases we may enter into such agreements with the expectation that we will syndicate or assign all or a portion of our commitment to other investors prior to, at the same time as, or subsequent to the anticipated closing. We may be unable to complete this syndication or assignment which may increase the amount of capital that we are required to invest. These activities can have an adverse impact on our liquidity which may reduce our ability to pursue further acquisitions or meet other financial commitments.

We periodically enter into joint venture, consortium or other arrangements that have contingent liquidity rights in our favour or in favour of our counterparties that may have implications for us. These include buy-sell arrangements, put and call rights, en-bloc sale rights, registration rights and other customary arrangements. A counterparty may seek to exercise these rights in response to their own liquidity considerations or other reasons internal to the counterparty. Our agreements generally have embedded protective terms that mitigate the risk to us. However, in some circumstances we may need to utilize some of our own liquidity in order to preserve value or protect our interests.

We enter into financing commitments in the normal course of business and, as a result, may be required to fund these. Although we do not typically do so, we from time to time guarantee the obligations of funds or other entities that we manage and/or invest in. If we are unable to fulfill any of these commitments, this could result in damages being pursued against us or a loss of opportunity through default of contracts that are otherwise to our benefit.

Our business is impacted by changes in currency rates, interest rates, commodity prices and other financial exposures. We selectively utilize financial instruments to manage these exposures. The company's risk management and derivative financial instruments are more fully described in the notes to our Consolidated Financial Statements.

We have pursued and intend to continue to pursue growth opportunities in international markets and often invest in countries where the U.S. dollar is not the notional currency. As a result, we are subject to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. A significant depreciation in the value of the foreign currency of one or more countries where we have a significant investment may have a material adverse effect on our results of operations and financial position.

We typically finance assets that generate predictable long-term cash flows with long-term fixed rate debt in order to provide stability in cash flows and protect returns in the event of changes in interest rates. We also make use of fixed rate preferred equity financing as well as financial contracts to provide additional protection in this regard. Similarly, we typically finance shorter-term floating rate assets and assets that are being repositioned or restructured with floating rate debt.

As at December 31, 2009, our net floating rate liability position was $4.4 billion (2008 – liability position of $1.8 billion). As a result, a 10-basis point increase in interest rates would decrease operating cash flow by $18 million. We are required to record certain financial instruments at market value and any changes in value recorded as current income, with the result that a 10-basis point increase in long-term interest rates will result in a corresponding increase in income of $44 million before tax and vice versa, based on our year end positions.

We selectively utilize credit default swaps and other derivatives to hedge financial positions and may establish unhedged positions from time to time. These instruments are typically utilized as a hedge or an alternative to purchasing or selling the underlying security when they are more effective from a capital employment perspective.

Renewable Power Generating Operations

Our power generating operations, which are primarily hydroelectric generating facilities, are subject to changes in hydrology and price, but also include equipment and dam failure, counterparty performance, water rental costs, changes in regulatory requirements and other material disruptions.

The revenues generated by our power facilities are correlated to the amount of electricity generated, which in turn is dependent upon available water flows. Hydrology varies naturally from year to year and may also change permanently because of climate change or other factors, and a natural disaster could impact water flows within the watersheds in which we operate.

A significant portion of our power generating operation revenues are tied, either directly or indirectly, to the wholesale market price for electricity in the markets in which we operate. Wholesale market electricity prices are impacted by a number of external factors. As a result, we cannot accurately predict future electricity prices.

A significant portion of the power we generate is sold under long-term power purchase agreements, shorter-term financial instruments and physical electricity and natural gas contracts that may be above market. These contracts are intended to mitigate the impact of fluctuations in wholesale electricity prices. If, however, for any reason any of the counterparties are unable or unwilling to fulfill their contractual obligations, we may not be able to replace the agreement with an agreement on equivalent terms and conditions.

There is a risk of equipment failure or dam failure due to wear and tear, latent defect, design error or operator error, among other things. The occurrence of such failures could result in a loss of generating capacity and repairing such failures could require the expense of significant amounts of capital and other resources. Such failures could result also in exposure to significant liability for damages.

We are required to make rental payments and pay property taxes for water rights or pay similar fees for use of water. Significant increases in water rental costs or fees or changes in the way that governments regulate water supply could have a material adverse effect on our financial condition.

The operation of our generation assets is subject to extensive regulation by various government agencies at the municipal, provincial, state and federal level. As legal requirements frequently change and are subject to interpretation and discretion, we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. Any new law or regulation could require additional expenditure to achieve or maintain compliance. In addition, we may not be able to renew, maintain or obtain all necessary licenses, permits and governmental approvals required for the continued operation or further development of our projects.

Our power generation assets could be exposed to effects of significant events, such as severe weather conditions, natural disasters, major accidents, acts of malicious destruction, sabotage or terrorism, which could limit our ability to generate or sell power. In certain cases, some events may not excuse us from performing our obligations pursuant to agreements with third parties and we may be liable for damages or suffer further losses as a result. In addition, many of our generation assets are located in remote areas which makes access for repair of damage difficult.

Commercial Office Properties

Our strategy is to invest in high quality commercial office properties as defined by the physical characteristics of the assets and, more importantly, the certainty of receiving rental payments from large corporate tenants which these properties attract. Nonetheless, we remain exposed to certain risks inherent in the commercial office property business.

Commercial office property investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability

and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords and our ability to provide adequate maintenance at an economical cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. Our commercial office properties are subject to mortgages which require substantial debt service payments. If we become unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale. We believe the stability and long-term nature of our contractual revenues is an effective mitigant to these risks.

Our commercial office properties generate a relatively stable source of income from contractual tenant rent payments. We endeavour to stagger our lease expiry profile so that we are not faced with a disproportionate amount of space expiring in any one year. Continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. While we believe the long-term outlook for commercial office rents is positive, it is possible that rental rates could decline, tenant bankruptcies could increase or that renewals may not be achieved particularly in the event of a protracted disruption in the economy such as the onset of a recession. The company is, however, substantially protected against short-term market conditions, since most of our leases are long-term in nature.

Our commercial office portfolio is concentrated in large metropolitan areas, some of which have been or may be perceived to be subject to terrorist attacks. Furthermore, many of our properties consist of high-rise buildings, which may also be subject to this actual or perceived threat, which could be heightened in the event that the United States continues to engage in armed conflict. This could have an adverse effect on our ability to lease office space in our portfolio. Each of these factors could have an adverse impact on our operating results and cash flows. Our commercial office property operations have insurance covering certain acts of terrorism for up to $2.5 billion of damage and business interruption costs. We continue to seek additional coverage equal to the full replacement cost of our assets; however, until this type of coverage becomes commercially available on a reasonably economic basis, any damage or business interruption costs as a result of uninsured acts of terrorism could result in a material cost to the company.

Timberlands

The financial performance of our timberland operations depends on the state of the wood products and pulp and paper industries. Decreases in the level of residential construction activity generally reduce demand for logs and wood products, resulting in lower revenues, profits and cash flows for our customers. Depressed prices for wood products, pulp or paper or market irregularities may cause mill operators to temporarily or permanently shut down their mills if their product prices fall to a level where mill operation would be uneconomic. Any of these circumstances could significantly reduce the prices that we realize for our timber and the amount of timber that such operators purchase from us. We endeavour to keep our harvest plans flexible so that we can reduce harvest levels when prices are low with the objective of deferring sales until prices recover, however there is no certainty that we will be successful in this regard.

Weather conditions, timber growth cycles, access limitations, aboriginal claims and regulatory requirements associated with forestry practices, sale of logs and environmental matters, may restrict our harvesting, as may other factors, including damage by fire, insect infestation, disease, prolonged drought and other natural and man-made disasters. Although management believes it follows best practices with regard to forest sustainability and general forest management, there can be no assurance that our forest management planning, including silviculture, will have the intended result of ensuring that our asset base appreciates in value over time. If management's estimates of merchantable inventory are incorrect, harvesting levels on our timberlands may result in depletion of our timber assets.

Utilities

Our utilities infrastructure, which includes electricity transmission systems, natural gas pipeline and storage system and electricity and gas distribution companies, are located in Canada, the United States, Chile, Europe, New Zealand and Australia.

Some of our utilities infrastructure operations are regulated with respect to revenues and they recover their investment in assets through tolls or regulated rates which are charged to third parties. If our utilities operations in these jurisdictions require significant capital expenditures to maintain our asset base, we may not be able to cover such costs through the regulatory framework. In addition, we may be exposed to disallowance risk in other jurisdictions to the extent that capital expenditures and costs are not fully recovered through the regulatory framework.

Some of our utilities infrastructure operations have customer contracts as well as concession agreements in place with public and private sector clients. There is a risk of default on those contractual arrangements by such clients. As well, our operations with customer contracts could be materially adversely affected by any material change in the assets, financial condition or results of operations of its customers.

Our utilities operations require large areas of land on which to be constructed and operated. The rights to use the land can be obtained through freehold title, leases and other rights of use. Although we believe that we have valid rights to all easements, licences and rights of way necessary for our utilities operations, not all of our easements, licences and rights of way are registered against the lands to which they relate and may not bind subsequent owners.

Transportation

Our transportation infrastructure, which includes port facilities and a rail operation, are primarily located in Europe and Australia.

The current economic environment has impacted demand for rail and port services. Further decline in general domestic and global economic conditions may affect international demand for the commodities handled by our transportation operations and may lead to bankruptcies or liquidations of one or more large customers of our transportation operations which could reduce our revenues, increase our bad debt expense, reduce our ability to make capital expenditures or have other adverse effects.

Some of our transportation operations are subject to a review of their respective access and pricing arrangements on a periodic basis. The terms of new access and pricing arrangements may result in changes to the revenue or profitability of such operations.

Our transportation operations may require substantial capital expenditures in the future. Any failure to make necessary capital expenditures to maintain our operations in the future could impair the ability of our transportation operations to serve existing customers or accommodate increased volumes. In addition, we may not be able to recover such investments based upon the rates our operations are able to charge.

Our transportation operations require large areas of land on which to be constructed and operated. The rights to use the land can be obtained through freehold title, leases and other rights of use. Although we believe that we have valid rights to all easements, licences and rights of way necessary for our transportation operations, not all of our easements, licences and rights of way are registered against the lands to which they relate and may not bind subsequent owners.

Residential Properties

We have residential land development and homebuilding operations located in Canada, Brazil, United States and Australia. These operations are concentrated in areas which we believe have positive long-term demographic and economic characteristics. Despite this, 2009 was another challenging year for the U.S. housing industry, as the downturn in the housing market remained intense, further adversely affecting our operations.

The residential homebuilding and land development industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as consumer confidence, employment levels, availability of financing for homebuyers and interest rates, levels of new and existing homes for sale, demographic trends and housing demand. Competition from rental properties and resale homes, including homes held for sale by investors and foreclosed homes, may reduce our ability to sell new homes, depress prices and reduce margins for the sale of new homes. Homebuilders are also subject to risks related to availability and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and

housing inventories held by us can fluctuate significantly as a result of changing economic and real estate market conditions. If there are significant adverse changes in economic or real estate market conditions, we may have to sell homes at a loss or hold land in inventory longer than planned. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market. Our residential property operations may be particularly affected by changes in local market conditions in California, Virginia, Alberta and Brazil where we derive a large proportion of our residential property revenue.

Virtually all of our customers finance their home acquisitions through lenders providing mortgage financing. Mortgage rates have recently been at or near their lowest levels in many years. Despite this, and given the dramatic issues being experienced in the mortgage markets in the U.S. and by many lenders, fewer loan products and tighter loan qualification requirements have made it more difficult for borrowers to procure mortgages.

Even if potential customers do not need financing, changes in interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who need financing, which in the U.S. has resulted in reduced demand for new homes. As a result, rising mortgage rates could adversely affect our ability to sell new homes and the price at which we can sell them.

Special Situations Operations

Our special situations operations are focused on the ownership and management of securities and businesses that are supported by underlying tangible assets and cash flows. The principal risks in this business are potential loss of invested capital as well as insufficient investment or fee income to cover operating expenses and cost of capital.

Unfavourable economic conditions could have a significant impact on the value and liquidity of our investments and the level of investment income. Since most of our investments are in our areas of expertise and given that we strive to maintain adequate supplemental liquidity at all times, we believe we are well positioned to assume ownership of and operate most of the assets and businesses that we finance. Furthermore, if this situation does arise, we typically acquire the assets at a discount to the underwritten value, which may protect us from loss.

Other Risks

As an owner and manager of real property, we are subject to various federal, provincial, state and municipal laws relating to environmental matters. These laws could hold us liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in our properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect our ability to sell our real estate or to borrow using real estate as collateral, and could potentially result in claims or other proceedings against us. We are not aware of any material non-compliance with environmental laws at any of our properties. We are also not aware of any material pending or threatened investigations or actions by environmental regulatory authorities in connection with any of our properties or any material investigations or actions by environmental regulatory authorities in connection with any of our properties or any material pending threatened claims relating to environmental conditions at our properties. We have made and will continue to make the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and we may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on our business, financial condition or results of operation.

The ownership and operation of our assets carry varying degrees of inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability. Compliance with health, safety and environmental laws (and any future laws or amendments enacted) and the requirements of licenses, permits and other approvals will remain material to our business. We have incurred and will continue to incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage potential liability exposure. Nevertheless, from time to time it is possible that we may be unsuccessful in obtaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other

proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurance can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to our business and operations.

We carry various insurance coverages that provide comprehensive protection for first-party and third-party losses to our properties. These coverages contain policy specifications, limits and deductibles customarily carried for similar properties. We also self-insure a portion of certain of these risks. We believe all of our properties are adequately insured.

There are certain types of risks (generally of a catastrophic nature such as war or environmental contamination such as toxic mold) which are either uninsurable or not economically insurable. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our assets or operations, and would continue to be obligated to repay any mortgage or other indebtedness on such properties to the extent the borrowers have recourse beyond the specific asset or operations being financed.

In the normal course of our operations, we become involved in various legal actions, including claims relating to personal injuries, property damage, property taxes, land rights and contract and other commercial disputes. We endeavour to maintain adequate provisions for outstanding or pending claims. The final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on our financial position or results of our operations in a particular quarter or fiscal year. We believe that we are not currently involved in any litigation, claims or proceedings in which an adverse outcome would have a material adverse effect on our consolidated financial position or results.

Ongoing changes to the physical climate in which we operate may have an impact on our business. In particular, changes in weather patterns may impact hydrology levels thereby influencing generation levels and power generation levels. Climate change may also give rise to changes in regulations and consumer sentiment that could impact other areas of our business.

The U.S. Investment Company Act of 1940 (the "Act") requires the registration of any company which holds itself out to the public as being engaged primarily in the business of investing, reinvesting or trading in securities. In addition, the Act may also require the registration of a company that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and which owns or proposes to acquire investment securities with a value of more than 40% of the company's assets on an unconsolidated basis. We are not currently an investment company in accordance with the Act and we believe we can continue to arrange our business operations in ways so as to not become an investment company within the meaning of the Act. If we were required to register as an investment company under the Act, we would, among other things, be restricted from engaging in certain businesses and issuing certain securities. In addition, certain of our contracts may become void.

There are many other laws and governmental regulations that apply to us, our assets and businesses. Changes in these laws and governmental regulations, or their interpretation by agencies or the courts, could occur. Further, economic and political factors, including civil unrest, governmental changes and restrictions on the ability to transfer capital across borders in the United States, but primarily in the foreign countries in which we have invested, can have a major impact on us as a global company.

A portion of the workforce in our operations is unionized and if we are unable to negotiate acceptable contracts with any of our unions as existing agreements expire, we could experience a significant disruption of the affected operations, higher ongoing labour costs and restriction of our ability to maximize the efficiency of our operations, which could have an adverse effect on our operations and financial results.



The Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. We applied to the Canadian Securities Administrators ("CSA") and were granted exemptive relief to prepare our financial statements in accordance with IFRS earlier and intend to do so for periods beginning January 1, 2010 and prepare our first financial statements in accordance with IFRS for the three month period ended March 31, 2010. These financial statements will also include comparative IFRS results for the periods commencing January 1, 2009.

The following discussion has been organized on a basis consistent with the presentation and classification under Canadian GAAP for ease of reference, although the classification and components of account balances under IFRS will be different than under Canadian GAAP. Additionally, as we continue to assess the impact of our transition to IFRS, additional differences may be identified which could impact the above amounts.

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. While we believe that the adoption of IFRS will not have a material impact on our reported cash flows, it will have a material impact on our consolidated balance sheets and statements of income. In particular, our opening balance sheet will reflect the revaluation of substantially all property, plant and equipment to fair value at that time. In addition, a significant portion of our intangible assets and liabilities will no longer be recognized. Finally, all changes to the opening balance sheet will require that a corresponding tax asset or liability be established based on the resultant differences between the carried value of assets and liabilities and their associated tax bases. Our estimate of the impact of all of these differences to common equity totals approximately $10.1 billion before related changes to tax assets and liabilities, of $3.7 billion, resulting in a net increase in our common equity to shareholders of $6.4 billion.

The following disclosure highlights the initial adjustments required to be made on adoption of IFRS in order to provide an opening balance sheet and the significant accounting policies, required or expected to be applied by us subsequent to adoption that will be significantly different from our current accounting policies. This 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 intend 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 pro-forma January 1, 2009 and December 31, 2009 underlying values prepared on a basis consistent with IFRS are subject to change. The amounts have not been audited or subject to review by our external auditor.

IFRS 1: First-time Adoption of International Financial Reporting Standards

Adoption of IFRS requires 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 us that we expect to apply in preparing our first financial statements under IFRS.

Fair Value or 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. For items of property, plant and equipment, we will use either fair value or a previous GAAP revaluation as deemed cost. We expect to use fair value as a measure of deemed cost for certain of our property, plant and equipment, the cumulative effect of which is expected to result in higher carrying values under IFRS compared to those under Canadian GAAP. This increase in carrying value is primarily the result of the accounting depreciation taken under Canadian GAAP no longer attributed to the assets at transition, and appreciation in value of such assets in aggregate since acquisition.

Business Combinations

IFRS 1 allows for the guidance under IFRS 3 *Business Combinations* ("IFRS 3") to be applied either retrospectively or prospectively. We expect to adopt IFRS 3 prospectively meaning that only business combinations that occur on or after January 1, 2009 would be accounted for in accordance with IFRS 3.

Cumulative Translation Differences

IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires an entity 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, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. We expect to deem all cumulative translation differences to be zero on transition to IFRS.

Employee Benefits

Certain of the company's subsidiaries have actuarial gains and losses related to their employee benefit plans. Cumulative actuarial gains and losses that existed at the transition date will be recognized in opening retained earnings for all of the employee benefit plans.

IFRS 1 allows for certain other optional exemptions; however, we do not expect such exemptions to be significant to our adoption of IFRS.

Impact of IFRS on the Balance Sheet

The following paragraphs quantify and describe the expected impact of significant differences between our balance sheet under Canadian GAAP and our balance sheet under IFRS for both our January 1, 2009 opening balance sheet and our December 31, 2009 balance sheet.

Property, Plant and Equipment

We expect the book value of our property, plant and equipment at January 1, 2009 and December 31, 2009 to increase by approximately $13.8 billion and $12.4 billion, respectively under IFRS compared to the book value as prepared in accordance with Canadian GAAP. This increase is primarily related to recording the majority of property, plant and equipment at fair value for purposes of establishing deemed cost on transition or because the assets are required to be measured at fair value under IFRS. The following describes the impact of this change on the major components of our property, plant and equipment. Certain of this increase in the carrying value of property, plant and equipment relates to assets of entities that are consolidated or proportionately consolidated under Canadian GAAP that for IFRS will be equity accounted. These entities will be recorded as investments under IFRS.

Power Generating Stations

We have chosen to measure substantially all of the property, plant and equipment of our power generation business using the revaluation method under IAS 16 *Property, Plant and Equipment* ("IAS 16"), which requires property, plant and equipment to be measured at their fair values. We determined the fair value of our power generation assets to be approximately $7.9 billion greater than their carrying value under Canadian GAAP at December 31, 2008 and $8.6 billion greater at December 31, 2009. These valuations were generally completed by discounting the expected future cash flows of each station over a 20 year term and using the discount and terminal capitalization rates provided on page 25.

Commercial Properties

Our commercial properties are considered investment properties under IAS 40, *Investment Property* ("IAS 40"). Investment property includes land and buildings held primarily to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or for sale in the ordinary course of business. Similar to Canadian GAAP, investment property is initially measured at cost under IAS 40. However, subsequent to initial recognition, IFRS requires that an entity choose either the cost or fair value model to account for its investment property. We expect to use the fair value model to account for investment property under IFRS. We determined the fair value of our commercial property portfolio at December 31, 2008 to be approximately $4.8 billion greater than the carrying value under Canadian GAAP, net of intangible assets and straight-line rent recorded under Canadian GAAP. The corresponding excess at December 31, 2009 was $2.4 billion. We determined the fair value of each investment property based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting current conditions less future cash outflows in respect of such leases. Fair values were primarily determined by discounting the expected future cash flows, generally over a term of 10 years and using the discount and terminal capitalization rates provided on page 30.

Timberlands

Under IFRS our timberlands are considered biological assets under IAS 41 *Agriculture* ("IAS 41") and are recorded at net fair value which is fair value less estimated point-of-sale costs. Currently under Canadian GAAP our timberland assets are recorded at cost, less accumulated depletion which is based upon harvested amounts. Changes in fair value or point-of-sale costs after initial recognition are recognized in income in the period in which the change arises. Fair value has been determined as the future expected market price for similar species and age of timberlands less costs to sell, discounted to the measurement date. At December 31, 2008, we have initially determined the fair value of our timberland assets to be approximately $0.5 billion greater than their carrying value under Canadian GAAP. At December 31, 2009 the carried value of timberlands assets under IFRS is $0.5 billion greater than under Canadian GAAP. Key assumptions include a weighted average discount and terminal capitalization rate of 6.5% and a terminal valuation date of 72 years, on average.

Transmission

We have chosen to measure the property, plant and equipment related to our transmission assets using the revaluation method under IAS 16. At December 31, 2008 and December 31, 2009 we have initially determined our transmission assets to be approximately equal to their carrying value under Canadian GAAP.

Other Property, Plant and Equipment

Additional differences also relate to the deconsolidation of certain property, plant and equipment related to entities that are consolidated or proportionately consolidated under Canadian GAAP that are equity accounted under IFRS. This decrease in property, plant and equipment is generally offset by increases in the carried value of certain property, plant and equipment of investee companies initially recorded at fair value, for purposes of establishing deemed cost, in addition to other adjustments. In aggregate these differences increase property, plant and equipment by an additional $0.6 billion at both December 31, 2008 and December 31, 2009.

Investments

We expect investments at December 31, 2008 to increase by approximately $3.8 billion under IFRS than as prepared in accordance with Canadian GAAP. The increase primarily relates to entities that are consolidated or proportionately consolidated under Canadian GAAP that will be equity accounted under IFRS and accordingly included in the investments account.

Accounts Receivable, Other and Intangible Assets and Liabilities

We expect accounts receivable and other and intangible assets and liabilities at January 1, 2009 to decrease on a net basis by approximately $5.4 billion under IFRS relative to Canadian GAAP and by a similar amount at December 31, 2009. This decrease primarily relates to the deconsolidation of assets held by entities that are consolidated or proportionately consolidated under Canadian GAAP that will be equity accounted under IFRS and the removal of certain assets otherwise included in the fair value of commercial properties, such as straight-line rent receivables and above-market leases that are separately accounted for under Canadian GAAP but are reflected as part of the fair value of investment property under IFRS.

Accounts Payable and Other Liabilities

We expect accounts payable and other liabilities at January 1, 2009 to increase by approximately $2.9 billion under IFRS relative to Canadian GAAP. This change primarily relates to an increase in future income tax liabilities associated with the increased carrying values of assets within our commercial properties, power generation and transmission businesses and differences in the rates used to determine future income tax under Canadian GAAP and IFRS. The increase in future income tax liabilities is offset by the deconsolidation of balances that are consolidated or proportionately consolidated under Canadian GAAP that will be equity accounted under IFRS in addition to certain other adjustments.

Corporate Borrowings, Property-Specific Mortgages, Subsidiary Borrowings, and Capital Securities

Under IFRS we expect property-specific mortgages and subsidiary borrowings at January 1, 2009 to decrease by approximately $6.2 billion under IFRS relative to Canadian GAAP. The decrease primarily relates to the deconsolidation of debt held by entities that are consolidated or proportionately consolidated under Canadian GAAP that will be equity accounted under IFRS.

Goodwill

We expect goodwill at January 1, 2009 and December 31, 2009 to decrease by approximately $0.2 billion relative to Canadian GAAP. This decrease primarily relates to the allocation of goodwill previously recorded on acquisition of investment properties that under IFRS are recorded at fair value. As the investment properties to which goodwill relates are carried at fair value, goodwill is reduced accordingly under IFRS.

Non-controlling Interests

We expect non-controlling interests at January 1, 2009 and December 31, 2009 to increase by approximately $1.8 billion and $1.1 billion, respectively under IFRS relative to Canadian GAAP. The change in non-controlling interests is primarily related to the recognition of others' interests in the increased asset values offset by deconsolidation of certain entities.

Basis of Consolidation

Under Canadian GAAP we determine whether we should consolidate an entity using two different frameworks: the variable interest entity ("VIE") and voting control models. Under IFRS we will consolidate an entity only if it is determined to be controlled by us. Control is defined as the power to govern the financial and operating policies of an entity to obtain benefit. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of an entity's voting power, but also exists when the parent owns half or less of the voting power but has legal or contractual rights to control, or de facto control. This change in policy will result in certain entities being consolidated by us that were not consolidated under Canadian GAAP as a result of our legal or contractual rights to control the entity, as defined by IFRS. This change will also result in certain entities that are currently consolidated by us under the VIE model to be deconsolidated.

Joint Ventures

The International Accounting Standards Board ("IASB") is currently considering Exposure Draft 9 *Joint Arrangements* ("ED 9") which is intended to modify IAS 31 *Interests in Joint Ventures* ("IAS 31") which sets out the current requirements for the accounting for interests in joint ventures under IFRS. The IASB has indicated that it expects to issue a new standard to replace IAS 31 and we expect to apply this new standard in our IFRS financial statements for 2010. Currently, under Canadian GAAP we proportionately consolidate our interests in joint ventures. ED 9 proposes to eliminate the option to proportionately consolidate interests in jointly controlled entities and requires an entity to recognize its interest, which is

considered its share of the outcome generated by the activities of a group of assets and liabilities subject to joint control, using the equity method.

Impact of IFRS on the Income Statement

Commercial Properties

Investment property under IFRS will be measured using the fair value model under IAS 40, which requires us to record a gain or loss in income arising from a change in the fair value of investment property in the period of change. Income related to commercial properties may be greater or less than as determined under Canadian GAAP depending on whether an increase or decrease in fair value occurs during the period of measurement. Furthermore, under the fair value model for investment property no depreciation would be recognized whereas depreciation is recorded under Canadian GAAP. Accordingly, net income would be greater under IFRS than as determined under Canadian GAAP, to the extent there is no change in fair value of the underlying property, as no depreciation is recorded. Upon recognition of commercial property at fair value for IFRS, all intangible assets and liabilities recorded under Canadian GAAP related to previous business combinations will be de-recognized and will no longer be amortized into income. Under Canadian GAAP approximately $0.6 billion was charged to income annually in respect of depreciation and amortization of intangible assets, prior to minority interests, related to our commercial property portfolio. For the year ended December 31, 2009, under the fair value model we would have recognized a loss of $0.8 billion under IFRS, after deferred tax and non-controlling interests.

Use of Deemed Cost

We have chosen to initially measure certain 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 or as a result of the policy choices relating to such assets that require recognition at fair value. In most cases the resulting carrying value under IFRS will be higher than the carrying value under Canadian GAAP. As a result, the amount of depreciation recorded under IFRS related to such assets will be greater than what would be charged to income under Canadian GAAP. We expect annual depreciation to be approximately $0.2 billion greater under IFRS than Canadian GAAP in aggregate for all property, plant and equipment and in particular for our hydroelectric power generating facilities, but excluding our commercial property portfolio (see “Commercial Properties” discussion above).

Timberlands

As described above under IFRS, our timberlands are considered biological assets under IAS 41. At each reporting period our timberland assets will be measured at fair value, less estimated point-of-sale costs with changes in net fair value recognized in income in the period in which the change arises. Certain expenditures capitalized under Canadian GAAP, such as silviculture and other conservation costs, will be expensed under IFRS. These amounts are approximately $0.1 billion annually. Depending on the change in net fair value of timberland assets during each reporting period, income could either be greater or less than under Canadian GAAP.



CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to select appropriate accounting policies to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the company's financial statements require the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; depreciation and amortization; value of goodwill and intangible assets; ability to utilize tax losses; the determination of the primary beneficiary of variable interest entities; effectiveness of financial hedges for accounting purposes; and fair values for recognition, measurement and disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with that in the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in this report. The estimates are impacted by, among other things, movements in interest rates and other factors, some of which are highly uncertain, as described in the analysis of Business Strategy, Environment and Risks beginning on page 68 and in the section entitled Financial and Liquidity Risks beginning on page 74. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the company's financial statements in a meaningful way. For further reference on critical accounting policies, see our significant accounting policies contained in Note 1 to the Consolidated Financial Statements and Changes in Accounting Policies as described below.

CHANGES IN ACCOUNTING POLICIES

(i) Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 3064, *Goodwill and Intangible Assets,* replacing Handbook Sections 3062, *Goodwill and Other Intangible Assets* and 3450, *Research and Development Costs.* Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to the initial recognition of intangible assets by profit-oriented enterprises. The new section became effective for the company on January 1, 2009, and consistent with transition provisions in Section 3064, the company has adopted the new standard retrospectively with restatement. The impact of adopting this new standard was a $7 million reduction of opening retained earnings as at January 1, 2008.

(ii) Financial Instruments

In January 2009, the Emerging Issues Committee issued Abstract No. 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* ("EIC-173"). EIC-173 requires an entity to determine the fair value of all financial instruments, including derivative instruments by taking into account the credit risk of the instrument. In particular, an entity is required to factor into fair value its own credit risk in addition to the credit risk of the counterparties to the instrument. EIC-173, which was effective for the company on January 1, 2009, did not have a material impact to the company's financial statements and the related disclosures.

In June 2009, the CICA issued amendments to Section 3862, *Financial Instruments – Disclosures* to provide improvements to fair value disclosures to align with disclosure rules established under United States GAAP and International Financial Reporting Standards ("IFRS"). The new rules result in enhanced fair value disclosure and require entities to assess the reliability and objectivity of the inputs used in measuring fair value. All financial assets and liabilities measured at fair value must be classified into one of three levels of a fair value hierarchy as follows: Level 1) unadjusted quoted prices in active markets for identical instruments; Level 2) inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and Level 3) inputs based on unobservable market data. The new disclosures are included in Note 3 to the consolidated financial statements. This section has also been amended to require additional liquidity risk disclosures which are included in Note 17 to the consolidated financial statements.

On August 20, 2009, the CICA issued amendments to Section 3855, *Financial Instruments – Recognition and Measurement* to align with IFRS. The amendments include: 1) changing the categories into which debt instruments are required and permitted to be classified; 2) changing the impairment model for held-to-maturity instruments; and 3) requiring the reversal of impairment losses relating to available-for-sale debt instruments when the fair value of the debt instrument increases in a subsequent period. The impact of adopting this standard was a reclassification of debt securities from available-for-sale bonds to loans and notes receivables which resulted in a $28 million increase to financial assets, and a $28 million increase to accumulated other comprehensive income.

(iii) Inventories

In June 2007, the CICA issued Section 3031, *Inventories,* replacing Section 3030, *Inventories.* This standard provides guidance on the determination of the cost of inventories and subsequent recognition as an expense, including any write-down to net realizable value. This new standard became effective for the company on January 1, 2008. The impact of adopting this new standard was a $4 million reduction of opening retained earnings as at January 1, 2008.

FUTURE CHANGES IN ACCOUNTING POLICIES

(i) Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards, Section 1582, "Business Combinations," Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests." Section 1582 provides clarification as to what an acquirer must measure when it obtains control of a business, the basis of valuation and the date at which the valuation should be determined. Acquisition-related costs must be accounted for as expenses in the periods they are incurred, except for costs incurred to issue debt or share capital. This new standard will be applicable for acquisitions completed on or after November 1, 2011 although adoption in 2010 is permitted to facilitate the transition to IFRS in 2011. Section 1601 establishes standards for preparing consolidated financial statements after the acquisition date and Section 1602 establishes standards for the accounting and presentation of non-controlling interest. These standards must be adopted concurrently with Section 1582.

(ii) International Financial Reporting Standards

The Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011. The company applied to the Canadian Securities Administrators ("CSA") and was granted exemptive relief to prepare its financial statements in accordance with IFRS earlier than required and intends to do so for periods beginning January 1, 2010, preparing its first interim financial statements in accordance with IFRS for the three month period ending March 31, 2010.

QUARTERLY RESULTS

Net income and operating cash flows for the eight recently completed quarters are as follows:

	2009				2008			
(MILLIONS)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenues	**$ 3,457**	$ 2,996	$ 2,978	$ 2,651	$ 3,015	$ 3,226	$ 3,449	$ 3,219
Fees earned	**123**	65	58	52	66	60	90	73
Revenues less direct operating costs								
Renewable power generation	**182**	506	211	239	158	213	264	251
Commercial properties	**510**	436	424	400	388	595	427	421
Infrastructure	**25**	28	16	40	68	36	44	48
Development activities	**161**	74	83	11	(11)	47	80	50
Special situations	**24**	21	35	39	49	32	119	104
Investment and other income	**217**	144	222	169	216	252	155	321
	1,242	1,274	1,049	950	934	1,235	1,179	1,268
Expenses								
Interest	**456**	461	452	415	447	535	475	527
Operating costs	**120**	90	89	94	107	103	86	110
Current income taxes	**(44)**	(2)	31	11	(47)	2	21	17
Non-controlling interest in net income before the following	**329**	205	201	157	180	240	219	171
Net income before the following	**381**	520	276	273	247	355	378	443
Depreciation and amortization	**(325)**	(321)	(300)	(329)	(355)	(333)	(328)	(314)
Revaluation and other items	**(102)**	(192)	(73)	(3)	(276)	88	(70)	(84)
Future income taxes	**(75)**	(48)	97	2	545	(105)	3	18
Non-controlling interests in the foregoing items	**223**	153	147	150	10	166	127	134
Net income	**$ 102**	$ 112	$ 147	$ 93	$ 171	$ 171	$ 110	$ 197

Cash flow from operations for the last eight quarters are as follows:

	2009				2008			
(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operations and gains	**$ 381**	$ 520	$ 276	$ 273	$ 247	$ 355	$ 378	$ 443
Preferred share dividends	**14**	12	9	8	9	11	12	12
Cash flow to common shareholders	**$ 367**	$ 508	$ 267	$ 265	$ 238	$ 344	$ 366	$ 431
Common equity – book value	**$ 6,403**	$ 6,251	$ 5,756	$ 4,976	$ 4,911	$ 5,814	$ 6,277	$ 6,133
Common shares outstanding	**572.9**	572.1	572.0	571.8	572.6	583.4	583.8	581.7
Per common share								
Cash flow from operations	**$ 0.63**	$ 0.88	$ 0.46	$ 0.46	$ 0.41	$ 0.58	$ 0.62	$ 0.72
Net income	**0.15**	0.17	0.24	0.15	0.27	0.27	0.17	0.31
Dividends	**0.13**	0.13	0.13	0.13	0.13	0.13	0.13	0.12
Book value	**11.58**	11.32	10.44	9.09	8.92	10.20	11.14	10.93
Market trading price (NYSE)	**22.18**	22.71	17.07	13.78	15.27	27.44	32.54	26.83

Commercial office property operations tend to produce consistent results throughout the year due to the long-term nature of the contractual lease arrangements subject to the intermittent recognition of disposition and lease termination gains as was the case in the fourth quarter of 2009 and the third quarter of 2008.

Quarterly seasonality does exist in our renewable power generation and residential development operations. With respect to our power generation operations, seasonality exists in water inflows and pricing. During the fall rainy season and spring thaw, water inflows tend to be the highest leading to higher generation during those periods; however prices tend not to be as strong as the summer and winter seasons due to the more moderate weather conditions during those periods and associated reductions in demand for electricity. We recorded disposition gains in our renewable power operations of $340 million and $29 million, respectively, in the third and first quarters of 2009.

With respect to our residential operations, the fourth quarter tends to be the strongest as this is the period during which most of the construction is completed and homes are delivered, although in 2008 the company recorded provisions in respect of higher priced land positions in the U.S. We periodically record realization and other gains, special distributions, as well as gains and losses on unhedged financial positions throughout our operations and, while the timing of these items is difficult to predict, the dynamic nature of our asset base tends to result in these items occurring on a relatively frequent basis.

RELATED-PARTY TRANSACTIONS

In the normal course of operations, the company enters into various transactions on market terms with related parties, which have been measured at exchange value and are recognized in the consolidated financial statements. In particular, we sold a number of Canadian Renewable Power generating assets to 50% owned publicly listed renewable power subsidiary during 2009, as further discussed in Part 2 of this MD&A.

ASSESSMENT AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has evaluated the effectiveness of the company's internal control over financial reporting. Refer to Management's Report on Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the year ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect the internal control over financial reporting.

DISCLOSURE CONTROLS

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in the Canadian Securities Administrators National Instrument 52-109). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures were effective as of December 31, 2009 in providing reasonable assurance that material information relating to the company and the consolidated subsidiaries would be made known to them within those entities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Brookfield Asset Management Inc. ("Brookfield") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles as defined in Regulation 240.13a-15(f) or 240.15d-15(f).

Management assessed the effectiveness of Brookfield's internal control over financial reporting as of December 31, 2009, based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2009, Brookfield's internal control over financial reporting is effective. Management excluded from its assessment the internal control over financial reporting at Brookfield Ports (UK) Ltd. ("PD Ports"), which was acquired during 2009, and whose total assets, net assets, total revenues, and net income constitute approximately 1%, 1%, nil% and nil% respectively of the consolidated financial statement amounts as of and for the year ended December 31, 2009.

Management's assessment of the effectiveness of Brookfield's internal control over financial reporting as of December 31, 2009, has been audited by Deloitte & Touche LLP Independent Registered Chartered Accountants, who also audited Brookfield's consolidated financial statements for the year ended December 31, 2009. As stated in the Report of Independent Registered Chartered Accountants, Deloitte & Touche LLP expressed an unqualified opinion on Brookfield's internal control over financial reporting as of December 31, 2009.





Toronto, Canada	J. Bruce Flatt	Brian D. Lawson
March 30, 2010	Chief Executive Officer	Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors and Shareholders of Brookfield Asset Management Inc.

We have audited the internal control over financial reporting of Brookfield Asset Management Inc. and subsidiaries (the "Company") as of December 31, 2009, based on the criteria established in Internal Control –Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Brookfield Ports (UK) Ltd. ("PD Ports") which was acquired in November 2009 and whose financial statements constitute approximately 1% of net and total assets and nil% of revenues and net income of the consolidated financial statement amounts as of and for the year ended December 31, 2009. Accordingly, our audit did not include the internal control over financial reporting at PD Ports. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

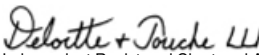
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2009 of the Company and our report dated March 30, 2010 expressed an unqualified opinion on those financial statements and includes a separate report titled Comments by Independent Registered Chartered Accountants on Canada-United States of America Reporting Differences referring to changes in accounting principles.



Toronto, Canada
March 30, 2010

Independent Registered Chartered Accountants
Licensed Public Accountants

CONSOLIDATED FINANCIAL STATEMENTS

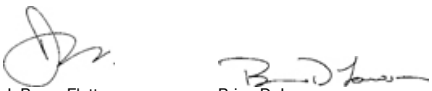
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this Annual Report have been prepared by the company's management which is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, the company maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate to provide a high degree of assurance that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance and the communication of policies and code of conduct throughout the company. In addition, the company maintains an internal audit group that conducts periodic audits of all aspects of the company's operations. The Chief Internal Auditor has full access to the Audit Committee.

These consolidated financial statements have been prepared in conformity with Canadian generally accepted accounting principles, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying consolidated financial statements.

Deloitte & Touche, LLP, the independent registered chartered accountants appointed by the shareholders, have examined the consolidated financial statements set out on pages 94 through 127 in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out below.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through its Audit Committee, which is comprised of directors who are not officers or employees of the company. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.



Toronto, Canada	J. Bruce Flatt	Brian D. Lawson
March 30, 2010	Chief Executive Officer	Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Board of Directors and Shareholders of Brookfield Asset Management Inc.

We have audited the accompanying consolidated balance sheets of Brookfield Asset Management Inc. and subsidiaries (the "Company") as at December 31, 2009 and 2008 and the related consolidated statements of income, retained earnings, comprehensive income (loss), accumulated other comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 30, 2010 expressed an unqualified opinion on the Company's internal control over financial reporting.



Toronto, Canada	Independent Registered Chartered Accountants
March 30, 2010	Licensed Public Accountants

COMMENTS BY INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS ON CANADA-UNITED STATES OF AMERICA REPORTING DIFFERENCES

The standards of the Public Company Accounting Oversight Board (United States) require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the Company's financial statements. As described in Note 1, the Company has changed its method of accounting for intangible assets and deferred costs in 2009 due to the adoption of the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3064, "Goodwill and Intangible Assets". In addition, as described in Note 1, the Company has adopted amendments to CICA Handbook Section 3862, "Financial Instruments – Disclosures", which require the Company to make disclosures surrounding fair value financial instruments based on a three-level hierarchy that distinguishes between fair values obtained from independent sources versus the Company's own assumptions about market values, and which require the Company to make additional liquidity risk disclosures. Finally, as described in Note 1, the Company has adopted amendments to CICA Handbook Section 3855, "Financial Instruments – Recognition and Measurement", which clarify the application of Section 3855 with respect to the effective interest method, reclassification of financial instruments with embedded derivatives, elimination of the distinction between debt securities and other debt instruments, and changes in the categories to which debt instruments are required or are permitted to be classified. Although we conducted our audits in accordance with both Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), our report to the Board of Directors and Shareholders, dated March 30, 2010, is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the change is properly accounted for and adequately disclosed in the financial statements.

Deloitte + Touche LLP

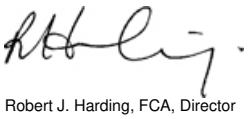
Toronto, Canada
March 30, 2010

Independent Registered Chartered Accountants
Licensed Public Accountants

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31 (MILLIONS)	Note	2009	2008
Assets			
Cash and cash equivalents		**$ 1,375**	$ 1,242
Financial assets	3	**2,373**	2,071
Loans and notes receivable	4	**1,796**	2,061
Investments	5	**1,924**	890
Accounts receivable and other	6	**8,605**	6,925
Intangible assets	7	**1,822**	1,632
Goodwill	2	**2,343**	2,011
Property, plant and equipment	8	**41,664**	36,765
		$ 61,902	$ 53,597
Liabilities			
Corporate borrowings	9	**$ 2,593**	$ 2,284
Non-recourse borrowings			
Property-specific mortgages	10	**26,731**	24,398
Subsidiary borrowings	10	**3,663**	3,593
Accounts payable and other liabilities	11	**10,017**	8,904
Intangible liabilities	12	**741**	891
Capital securities	13	**1,641**	1,425
Non-controlling interests	14	**8,969**	6,321
Shareholders' equity			
Preferred equity	15	**1,144**	870
Common equity	16	**6,403**	4,911
		$ 61,902	$ 53,597

On behalf of the Board:



Robert J. Harding, FCA, Director



Marcel R. Coutu, Director

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Note	2009	2008
Total revenues		**$ 12,082**	$ 12,909
Fees earned		**298**	289
Revenues less direct operating costs	20		
Renewable power generation		**1,138**	886
Commercial properties		**1,770**	1,831
Infrastructure		**109**	196
Development activities		**329**	166
Special situations		**119**	304
		3,763	3,672
Investment and other income		**752**	944
		4,515	4,616
Expenses			
Interest		**1,784**	1,984
Operating costs		**393**	406
Current income taxes	22	**(4)**	(7)
Non-controlling interests in net income before the following	21	**892**	810
		1,450	1,423
Other items			
Depreciation and amortization		**(1,275)**	(1,330)
Provisions and other		**(370)**	(342)
Future income taxes	22	**(24)**	461
Non-controlling interests in the foregoing items	21	**673**	437
Net income		**$ 454**	$ 649
Net income per common share	16		
Diluted		**$ 0.71**	$ 1.02
Basic		**$ 0.72**	$ 1.04

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

YEARS ENDED DECEMBER 31 (MILLIONS)	Note	2009	2008
Retained earnings, beginning of year		**$ 4,361**	$ 4,867
Change in accounting policies	1(m)	**—**	(11)
Net income		**454**	649
Preferred equity issue costs		**(8)**	—
Shareholder distributions – preferred equity		**(43)**	(44)
– common equity		**(298)**	(843)
Amount paid in excess of book value of common shares purchased for cancellation		**(15)**	(257)
		$ 4,451	$ 4,361

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

YEARS ENDED DECEMBER 31 (MILLIONS)	Note	2009	2008
Net income		**$ 454**	$ 649
Other comprehensive income (loss)	3		
Foreign currency translation		**1,124**	(780)
Available-for-sale securities		**162**	(277)
Derivative instruments designated as cash flow hedges		**93**	(45)
Future income taxes on above items		**(4)**	(113)
		1,375	(1,215)
Comprehensive income (loss)		**$ 1,829**	$ (566)

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

YEARS ENDED DECEMBER 31 (MILLIONS)	2009	2008
Balance, beginning of year	**$ (770)**	$ 445
Other comprehensive income (loss)	**1,375**	(1,215)
Balance, end of year	**$ 605**	$ (770)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31 (MILLIONS)	Note	2009	2008
Operating activities			
Net income		**$ 454**	$ 649
Adjusted for the following non-cash items			
Depreciation and amortization		**1,275**	1,330
Future income taxes, provisions and other		**394**	(119)
Realization gains		**(413)**	(164)
Non-controlling interest in non-cash items	21	**(673)**	(437)
		1,037	1,259
Net change in non-cash working capital balances and other		**(519)**	(234)
Undistributed non-controlling interests in cash flows		**657**	587
		1,175	1,612
Financing activities			
Corporate borrowings, net of repayments	25	**106**	333
Property-specific borrowings, net of issuances	25	**(687)**	(1,138)
Other debt of subsidiaries, net of issuances	25	**(382)**	(384)
Capital securities issuance		**—**	143
Corporate preferred equity issuance		**266**	—
Preferred shares of subsidiaries issuances		**261**	—
Common shares repurchased, net of issuances	25	**(4)**	(249)
Common shares of subsidiaries issued, net of repurchases		**2,125**	516
Shareholder distributions		**(341)**	(342)
		1,344	(1,121)
Investing activities			
Investment in or sale of operating assets, net			
Renewable power generation	25	**(195)**	(529)
Commercial properties	25	**(629)**	(502)
Infrastructure	25	**(906)**	361
Development activities	25	**(139)**	(124)
Loans and notes receivable	25	**150**	(159)
Financial assets	25	**(258)**	604
Investments		**(13)**	(187)
Restricted cash and deposits		**(206)**	(45)
Other property, plant and equipment		**(190)**	(229)
		(2,386)	(810)
Cash and cash equivalents			
Increase/(decrease)		**133**	(319)
Balance, beginning of year		**1,242**	1,561
Balance, end of year		**$ 1,375**	$ 1,242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA").

(a) Basis of Presentation

All currency amounts are in United States dollars ("U.S. dollars") unless otherwise stated. The consolidated financial statements include the accounts of Brookfield Asset Management Inc. (the "company") and the entities over which it has voting control, as well as Variable Interest Entities ("VIEs") for which the company is considered to be the primary beneficiary.

The company accounts for investments over which it exercises significant influence, however does not control, using the equity method. Interests in jointly controlled partnerships and corporate joint ventures are proportionately consolidated. Measurement of investments in which the company does not have significant influence depends on the financial instrument classification.

Certain prior year amounts have been reclassified to conform to the current year's presentation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are required in the determination of cash flows and probabilities in assessing net recoverable amounts and net realizable values, tax and other provisions, hedge effectiveness, and fair values.

(b) Reporting Currency

The U.S. dollar is the functional currency of the company's head office operations and the U.S. dollar is the company's reporting currency.

The accounts of self-sustaining subsidiaries having a functional currency other than the U.S. dollar are translated using the current rate method. Gains or losses on translation are deferred and included in other comprehensive income in the cumulative translation adjustment account. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these subsidiaries are reported in the same manner.

Foreign currency denominated monetary assets and liabilities of the company and integrated subsidiaries are translated at the rate of exchange prevailing at year end and revenues and expenses at average rates during the year. Gains or losses on translation of these items are included in the Consolidated Statements of Income. Gains or losses on transactions which hedge these items are also included in the Consolidated Statements of Income. Gains or losses on translation of foreign currency denominated available-for-sale financial instruments are included in other comprehensive income.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and are highly liquid short-term investments with original maturities less than 90 days.

(d) Property, Plant and Equipment

(i) Renewable Power Generation

Power generating facilities are recorded at cost, less accumulated depreciation. Depreciation on power generating facilities and equipment is provided at various rates on a straight-line basis over the estimated service lives of the assets, which are up to 60 years for hydroelectric generation assets.

Power generating facilities under development are recorded at cost, including pre-development expenditures, unless an impairment is identified requiring a write-down to estimated fair value.

(ii) Commercial Properties

Commercial Properties consist of commercial properties held for investment and commercial development activities. Commercial properties held for investment are carried at cost less accumulated depreciation.

Depreciation on buildings is provided during the year on a straight-line basis over the estimated useful lives of the properties to a maximum of 60 years. Depreciation is determined with reference to the carrying value, remaining estimated useful life and residual value of each property. Tenant improvements and releasing costs are deferred and amortized over the lives of the leases to which they relate. Commercial development activities are recorded at cost, including pre-development expenditures, unless an impairment is identified requiring a write-down to estimated fair value.

CICA Handbook EIC-140, *Accounting for Operating Leases Acquired in either an Asset Acquisition or a Business Combination* and CICA Handbook EIC-137, *Recognition of Customer Relationships Acquired in a Business Combination* require that when a company acquires real estate in either an asset acquisition or business combination, a portion of the purchase price should be allocated to the in-place leases to reflect the intangible amounts of leasing costs, above or below market tenant and land leases, and tenant relationship values, if any. These intangible costs are amortized over their respective lease terms.

(iii) Infrastructure

Infrastructure consists of Timberlands, Utilities and Energy assets, and Transportation assets.

(a) Timberlands: Timber assets are carried at cost, less accumulated depletion. Depletion of timber assets is determined based on the number of cubic metres of timber harvested annually at a fixed rate.

(b) Utilities and Energy: Utilities and energy assets are carried at cost, less accumulated depreciation. Depreciation is provided at various rates on a straight-line basis over the estimated service lives of the assets, which are up to 40 years.

(c) Transportation: Transportation assets are carried at cost, less accumulated depreciation. Depreciation on transportation assets is determined on a straight-line basis over the estimated service lives of the assets, which is up to 35 years.

(iv) Development Activities

Development activities consist of residential properties, residential land, and residential properties which are under construction. These properties are recorded at cost, including pre-development expenditures. Homes and other properties held for sale, which include properties subject to sale agreements, are recorded at the lower of cost and net realizable value. Income received relating to homes and other properties held for sale is applied against the carried value of these properties. Costs are allocated to the saleable acreage of each project or subdivision in proportion to the anticipated revenue. Also included in development activities are real estate opportunity investments which are depreciated over the estimated useful lives of the properties.

(v) Financial Assets and Investments

Financial assets are designated as either held-for-trading or available-for-sale and are recorded at fair value, with changes in fair value accounted for in net income or other comprehensive income as applicable. Equity instruments, designated as available-for-sale financial assets, that do not have a quoted market price from an active market are carried at cost.

Investments include investments in the securities of affiliates and are accounted for using the equity method of accounting.

Provisions are established in instances where, in the opinion of management, the carrying values of financial assets classified as available-for-sale and investments have been other than temporarily impaired.

(vi) Loans and Notes Receivable

Loans and notes receivable are recorded initially at their fair value and, with the exception of receivables designated as held-for-trading, are subsequently measured at amortized cost using the effective interest method, less any applicable provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Loans and notes receivable designated as held-for-trading are recorded at fair value with changes in fair value accounted for in net income in the period in which they arise.

(e) Asset Impairment

For assets other than financial assets, investments, and loans and notes receivable, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carried value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

(f) Accounts Receivable and Other

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectibility. Included in accounts receivable and other are restricted cash and inventories which are carried at the lower of average cost and net realizable value and materials and supplies which are valued at the lower of average cost and replacement cost.

(g) Intangible Assets and Liabilities

Intangible assets and liabilities with a finite life are amortized on a straight-line basis over their estimated useful lives, generally not exceeding 20 years, and are tested for impairment when conditions exist which may indicate that the estimated undiscounted future net cash flows from the asset are less than its carrying amount.

(h) Goodwill

Goodwill represents the excess of the price paid for the acquisition of a consolidated entity over the fair value of the net identifiable tangible and intangible assets acquired.

Goodwill is evaluated for impairment annually, or more often if events or circumstances indicate there may be an impairment. If the carrying value of a subsidiary, including the allocated goodwill, exceeds its fair value, goodwill impairment is measured as the excess of the carrying amount of the subsidiary's allocated goodwill over the implied fair value of the goodwill, based on the fair value of the assets and liabilities of the subsidiary. Any goodwill impairment is charged to income in the period in which the impairment is identified.

(i) Revenue and Expense Recognition

(i) Asset Management Fee Income

Revenues from performance-based incentive fees are recorded on the accrual basis based upon the amount that would be due under the incentive fee formula at the end of the measurement period established by the contract where it is no longer subject to adjustment based on future events. In some cases this will require that the recognition of performance-based incentive fees be deferred to the end, or towards the end of the contract at which point performance can be more accurately measured.

(ii) Renewable Power Generation

Revenue from the sale of electricity is recorded at the time power is provided based upon output delivered and capacity provided at rates specified under contract terms or prevailing market rates.

(iii) Commercial Property Operations

Revenue from a commercial property is recognized upon the earlier of attaining a break-even point in cash flow after debt servicing, or the expiration of a reasonable period of time, not to exceed one year, following substantial completion. Prior to this, the property is categorized as a property under development, and related revenue is applied to reduce development costs.

The company has retained substantially all of the risks and benefits of ownership of its rental properties and therefore accounts for leases with its tenants as operating leases. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line or free rent receivable, as applicable is recorded for the difference between the rental revenue recorded and the contractual amount received. Rental revenue includes percentage participating rents and recoveries of operating expenses, including property, capital and similar taxes. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

Revenue from commercial land sales is recognized at the time that the risks and rewards of ownership have been transferred, possession or title passes to the purchaser, all material conditions of the sales contract have been met, and a significant cash down payment or appropriate security is received.

(iv) Infrastructure

(a) Timberlands: Revenue from timberlands is derived from the sale of logs and related products. The company recognizes sales to external customers when the product is shipped and title passes, and collectibility is reasonably assured.

(b) Utilities and Energy: Revenue from utilities and energy assets is derived from the transmission and distribution of electricity to industrial and retail customers. Revenue is recognized at contracted rates when the electricity is delivered, and as collectibility is reasonably assured.

(c) Transportation: Revenue from transportation infrastructure is derived from assets such as seaports and rail networks and consists primarily of terminal charges, handling charges and freight services revenue. Terminal charges are charged at set contracted rates per tonne of coal shipped. Handling charges and freight services revenue are recognized at the time of the provision of services.

(v) Development Activities

Revenue from residential land sales is recognized at the time that the risks and rewards of ownership have been transferred, possession or title passes to the purchaser, all material conditions of the sales contract have been met, and a significant cash down payment or appropriate security is received.

Revenue from the sale of homes is recognized when title passes to the purchaser upon closing and at which time all proceeds are received or collectibility is assured.

Revenue from the sale of condominium units is recognized using the percentage-of-completion method at the time that construction is beyond a preliminary stage, sufficient units are sold and all proceeds are received or collectibility is assured.

Revenue from construction projects is recognized by the percentage-of-completion method at the time that construction is beyond a preliminary stage, there are indications that the work will be completed according to plan and all proceeds are received or collectibility is assured.

(vi) Financial Assets and Loans and Notes Receivable

Revenue from financial assets, loans and notes receivable, less a provision for uncollectible amounts, is recorded on the accrual basis.

(vii) Other

The net proceeds recorded under reinsurance contracts are accounted for as deposits until a reasonable possibility that the company may realize a significant loss from the insurance risk does not exist.

(j) Derivative Financial Instruments

The company and its subsidiaries selectively utilize derivative financial instruments primarily to manage financial risks, including interest rate, commodity and foreign exchange risks. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is reasonable assurance that it will continue to be effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously deferred by the application of hedge accounting is recognized in income over the remaining term of the original hedging relationship. Balances in respect of unrealized mark-to-market gains or losses on derivative financial instruments are recorded in Accounts Receivable and Other or Accounts Payable and Other Liabilities.

(i) Items Designated as Hedges

Realized and unrealized gains and losses on foreign exchange forward contracts and currency swap contracts designated as hedges of currency risks are included in other comprehensive income when the currency risk relates to a net investment in a self-sustaining subsidiary and are otherwise included in income in the same period as when the underlying asset, liability or anticipated transaction affects income.

Unrealized gains and losses on interest rate forward and swap contracts designated as hedges of future interest payments are included in other comprehensive income when the interest rate risk relates to anticipated interest payments. Unrealized gains and losses on interest rate swaps carried to offset corresponding changes in the values of assets and cash flow streams that are not reflected in the consolidated financial statements at December 31, 2009 and 2008 are recorded in other comprehensive income. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as adjustments to interest expense. The periodic exchanges of payments on interest rate contracts designated as hedges of future interest payments are amortized into income over the term of the corresponding interest payments.

Unrealized gains and losses on electricity forward and swap contracts designated as hedges of future power generation revenue are included in other comprehensive income. The periodic exchanges of payments on power generation commodity swap contracts designated as hedges are recorded on a settlement basis as an adjustment to power generation revenue.

(ii) Items not Designated as Hedges

Derivative financial instruments that are not designated as hedges are carried at estimated fair value, and gains and losses arising from changes in fair value are recognized in income in the period the changes occur. Realized and unrealized gains and losses on equity derivatives used to offset the change in share prices in respect of vested Deferred Share Units and Restricted Share Appreciation Units are recorded together with the corresponding compensation expense. Realized and unrealized gains or losses on other derivatives not designated as hedges are recorded in Investment and Other Income.

(k) Income Taxes

The company uses the asset and liability method whereby future income tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities, and measured using the tax rates and laws that will be in effect when the differences are expected to reverse.

(l) Other Items

(i) Capitalized Costs

Capitalized costs on assets under development and redevelopment include all expenditures incurred in connection with the acquisition, development and construction of the asset until it is available for its intended use. These expenditures consist of costs and interest on debt that are related to these assets. Ancillary income relating specifically to such assets during the development period is treated as a reduction of costs.

(ii) Pension Benefits and Employee Future Benefits

The costs of retirement benefits for defined benefit plans and post-employment benefits are recognized as the benefits are earned by employees. The company uses the accrued benefit method pro-rated using the length of service and management's best estimate assumptions to value its pension and other retirement benefits. Assets are valued at fair value for purposes of calculating the expected return on plan assets. For defined contribution plans, the company expenses amounts as paid into the plans.

(iii) Liabilities and Equity

Financial instruments that must or could be settled by a variable number of the company's common shares upon their conversion by the holders as well as the related accrued distributions are classified as liabilities on the Consolidated Balance Sheets under the caption "Capital Securities" and are translated into U.S. dollars at period end rates. Dividends on these instruments are classified as Interest expense.

(iv) Asset Retirement Obligations

Obligations associated with the retirement of tangible long-lived assets are recorded as liabilities when those obligations are incurred, with the amount of the liabilities initially measured at fair value. These obligations are capitalized to the book value of the related long-lived assets and are depreciated over the useful life of the related asset.

(v) Stock-Based Compensation

The company and most of its consolidated subsidiaries account for stock options using the fair value method whereby compensation expense for stock options is determined based on the fair value at the grant date using an option pricing model and charged to income over the vesting period. The company's publicly traded U.S. and Brazilian homebuilding subsidiaries record the liability and expense of stock options based on their intrinsic value using variable plan accounting, reflecting differences in how these plans operate. Under this method, vested options are revalued each reporting period, and any change in value is included in income.

(m) Changes in Accounting Policies Adopted

(i) Goodwill and Intangible Assets

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.* Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to the initial recognition of intangible assets by profit-oriented enterprises. The new section became effective for the company on January 1, 2009, and consistent with transition provisions in Section 3064, the company has adopted the new standard retrospectively with restatement. The impact of adopting this new standard was a $7 million reduction of opening retained earnings as at January 1, 2008.

(ii) Financial Instruments

In January 2009, the Emerging Issues Committee issued Abstract No. 173, *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities* ("EIC-173"). EIC-173 requires an entity to determine the fair value of all financial instruments, including derivative instruments by taking into account the credit risk of the instrument. In particular, an entity is required to factor into fair value its own credit risk in addition to the credit risk of the counterparties to the instrument. EIC-173, which was effective for the company on January 1, 2009, did not have a material impact to the company's financial statements and the related disclosures.

In June 2009, the CICA issued amendments to Section 3862, *Financial Instruments – Disclosures* to provide improvements to fair value disclosures to align with disclosure rules established under United States GAAP and International Financial Reporting Standards ("IFRS"). The new rules result in enhanced fair value disclosure and require entities to assess the reliability and objectivity of the inputs used in measuring fair value. All financial assets and liabilities measured at fair value must be classified into one of three levels of a fair value hierarchy as follows: Level 1) unadjusted quoted prices in active markets for identical instruments; Level 2) inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and Level 3) inputs based on unobservable market data. The new disclosures are included in Note 3 to the consolidated financial statements. This section has also been amended to require additional liquidity risk disclosures which are included in Note 17 to the consolidated financial statements.

On August 20, 2009, the CICA issued amendments to Section 3855, *Financial Instruments – Recognition and Measurement* to align with IFRS. The amendments include: 1) changing the categories into which debt instruments are required and permitted to be classified; 2) changing the impairment model for held-to-maturity instruments; and 3) requiring the reversal of impairment losses relating to available-for-sale debt instruments when the fair value of the debt instrument increases in a subsequent period. The impact of adopting this standard was a reclassification of debt securities from available-for-sale bonds to loans and notes receivables which resulted in a $28 million increase to financial assets, and a $28 million increase to accumulated other comprehensive income.

(iii) Inventories

In June 2007, the CICA issued Section 3031, *Inventories,* replacing Section 3030, *Inventories.* This standard provides guidance on the determination of the cost of inventories and subsequent recognition as an expense, including any write-down to net realizable value. This new standard became effective for the company on January 1, 2008. The impact of adopting this new standard was a $4 million reduction of opening retained earnings as at January 1, 2008.

(n) Future Changes in Accounting Policies

(i) Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards, Section 1582, "Business Combinations," Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests." Section 1582 provides clarification as to what an acquirer must measure when it obtains control of a business, the basis of valuation and the date at which the valuation should be determined. Acquisition-related costs must be accounted for as expenses in the periods they are incurred, except for costs incurred to issue debt or share capital. This new standard will be applicable for acquisitions completed on or after November 1, 2011 although adoption in 2010 is permitted to facilitate the transition to IFRS in 2011. Section 1601 establishes standards for preparing consolidated financial statements after the acquisition date and Section 1602 establishes standards for the accounting and presentation of non-controlling interest. These standards must be adopted concurrently with Section 1582.

(ii) International Financial Reporting Standards

The Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011. The company applied to the Canadian Securities Administrators ("CSA") and was granted exemptive relief to prepare its financial statements in accordance with IFRS earlier than required and intends to do so for periods beginning January 1, 2010, preparing its first interim financial statements in accordance with IFRS for the three month period ending March 31, 2010.

2. ACQUISITIONS OF CONSOLIDATED ENTITIES

The company accounts for business combinations using the purchase method of accounting which establishes specific criteria for the recognition of intangible assets separately from goodwill. The cost of acquiring a business is allocated to its identifiable tangible and intangible assets and liabilities on the basis of the estimated fair values at the date of purchase with any excess allocated to goodwill.

(a) Completed During 2009

In the fourth quarter of 2009, the company increased its infrastructure investments by sponsoring the recapitalization of Babcock & Brown Infrastructure (the "BBI Transaction"). As part of the transaction, the company made direct and indirect investments in utility and transportation operations. The company acquired control of, and began consolidating Brookfield Ports (UK) Ltd. ("PD Ports"), a large port operator in the United Kingdom ("UK").

Also in the fourth quarter of 2009, the company increased its 22% interest in the Multiplex Prime Property Fund ("MAFCA") to 68%. As a result, the company ceased equity accounting for its investment and commenced consolidation. MAFCA is a listed unit trust and owns commercial properties in Australia.

The company also acquired $28 million of net assets which relate to its commercial property and timber operations.

The following table summarizes the balance sheet impact of significant acquisitions in 2009 that resulted in consolidation accounting:

(MILLIONS)	PD Ports	MAFCA	Other	Total
Cash, accounts receivable and other	$ 51	$ 7	$ 12	$ 70
Intangible assets	306	—	—	306
Property, plant and equipment	435	193	35	663
Investments	—	339	—	339
Non-recourse and corporate borrowings	(392)	(425)	—	(817)
Accounts payable and other liabilities	(140)	(27)	(19)	(186)
Future income tax liability	(96)	—	—	(96)
Non-controlling interests in net assets	(102)	(56)	—	(158)
	$ 62	$ 31	$ 28	$ 121

(b) Completed During 2008

During the first quarter of 2008, the company increased its ownership interest in Brookfield Real Estate Finance Partners ("BREF I") to 33%. As a result, the company began to consolidate BREF I under the VIE rules. BREF I originates high quality real estate finance investments on a leveraged basis.

The company completed the acquisition of Itiquira Energetica S.A. (“Itiquira”) during the second quarter of 2008. Itiquira owns and operates a 156 megawatt hydroelectric facility located on the Itiquira River in Mato Grosso, Brazil.

During the second quarter of 2008, the company acquired MB Engenharia S.A. (“MB”). MB’s operations include land development and homebuilding in the middle and middle-low segments throughout Brazil.

In the fourth quarter of 2008, a subsidiary of the company merged with Company S.A. (“Company”), decreasing Brookfield’s ownership in the consolidated entity. Company’s operations include land development and residential.

In December 2008, the company increased its ownership interest in Norbord Inc. (“Norbord”) from 36% to 60% through the purchase of 99 million common shares and 50 million warrants issued as a result of a rights offering. As a result of the increase in ownership, the company ceased equity accounting for its investment in Norbord and commenced consolidating Norbord. Norbord is an international producer of wood-based panels and oriented strand board.

In addition, the company also acquired $222 million of net assets which primarily relate to its timber, residential, retail mall and power generation operations.

The following table summarizes the balance sheet impact of the significant acquisitions in 2008:

(MILLIONS)	BREF I	Itiquira	MB	Company	Norbord	Other	Total
Cash, accounts receivable and other	$ 1,389	$ 67	$ 212	$ 396	$ 127	$ 8	$ 2,199
Intangible assets	—	—	—	—	—	28	28
Goodwill	—	—	57	172	—	13	242
Property, plant and equipment	—	436	246	181	791	477	2,131
Non-recourse and corporate borrowings	(977)	(44)	(277)	(418)	(507)	(108)	(2,331)
Accounts payable and other liabilities	(134)	(7)	(174)	(45)	(160)	(21)	(541)
Future income tax asset (liability)	—	(59)	6	—	(73)	(4)	(130)
Non-controlling interests in net assets	(246)	—	(41)	(165)	(106)	(171)	(729)
	$ 32	$ 393	$ 29	$ 121	$ 72	$ 222	$ 869

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm’s-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the company has immediate access. Where bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, the company looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, and price and rate volatilities as applicable. The fair value of interest rate swap contracts which form part of financing arrangements is calculated by way of discounted cash flows using market interest rates and applicable credit spreads. In limited circumstances, the company uses input parameters that are not based on observable market data and believes that using alternative assumptions will not result in significantly different fair values.

Fair Value of Financial Instruments

Financial instruments classified or designated as held-for-trading or available-for-sale are carried at fair value on the Consolidated Balance Sheets except for equity instruments designated as available-for-sale that do not have a quoted price from an active market, which are carried at cost. The carrying amount of available-for-sale financial assets that do not have a quoted price from an active market was $158 million at December 31, 2009 (2008 – $143 million). Changes in the fair values of financial instruments classified as held-for-trading and available-for-sale are recognized in Net Income and Other Comprehensive

Income, respectively. The cumulative changes in the fair values of available-for-sale securities previously recognized in Accumulated Other Comprehensive Income are reclassified to Net Income when the security is sold or there is a decline in value that is considered to be other-than-temporary. During the year ended December 31, 2009, $29 million of net deferred losses (2008 – $26 million) previously recognized in Accumulated Other Comprehensive Income were reclassified to Net Income as a result of a sale or a determination that a decline in value was an other-than-temporary impairment.

Available-for-sale securities measured at fair value or cost are assessed for impairment at each reporting date. As at December 31, 2009, unrealized gains and losses in the fair values of available-for-sale financial instruments measured at fair value amounted to $84 million (2008 – $25 million) and $59 million (2008 – $169 million) respectively. Unrealized gains and losses for debt and equity securities are primarily due to changing interest rates, market prices and foreign exchange movements.

Gains or losses arising from changes in the fair value of held-for-trading financial assets are presented in the Consolidated Statements of Income, within Investment and Other Income, in the period in which they arise. Dividends on held-for-trading and available-for-sale financial assets are recognized in the Consolidated Statements of Income as part of Investment and Other Income when the company's right to receive payment is established. Interest on available-for-sale financial assets is calculated using the effective interest method and recognized in the Consolidated Statements of Income as part of Investment and Other Income.

Carrying Value and Fair Value of Selected Financial Instruments

The following table provides a comparison of the carrying values and fair values for selected financial instruments as at December 31, 2009 and December 31, 2008.

	2009							2008	
Financial Instrument Classification	**Held-for-Trading**	**Available-for-Sale**		**Held-to-Maturity**	**Loans Receivable / Payable and Other Liabilities**	**Total**		Total	
MEASUREMENT BASIS (MILLIONS)	**(Fair Value)**	**(Fair Value)**	**(Cost)**		**(Amortized Cost)**	**(Carrying Value)**	**(Fair Value)**	(Carrying Value)	(Fair Value)
Financial assets									
Cash and cash equivalents	**$ 1,375**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1,375**	**$ 1,375**	$ 1,242	$ 1,242
Financial assets									
Government bonds	**109**	**451**	**—**	**—**	**—**	**560**	**560**	557	557
Corporate bonds	**621**	**308**	**—**	**—**	**89**	**1,018**	**990**	573	573
Fixed income securities	**4**	**309**	**—**	**—**	**—**	**313**	**313**	431	431
Common shares	**36**	**152**	**158**	**—**	**—**	**346**	**664**	336	639
Loans receivable	**—**	**—**	**—**	**—**	**136**	**136**	**136**	174	174
Loans and notes receivable	**—**	**—**	**—**	**1,560**	**236**	**1,796**	**1,703**	2,061	1,596
Accounts receivable and other [1]	**1,029**	**—**	**—**	**—**	**3,876**	**4,905**	**4,905**	3,666	3,666
Total	**$ 3,174**	**$ 1,220**	**$ 158**	**$ 1,560**	**$ 4,337**	**$ 10,449**	**$ 10,646**	$ 9,040	$ 8,878
Financial liabilities									
Corporate borrowings	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2,593**	**$ 2,593**	**$ 2,659**	$ 2,284	$ 2,144
Property-specific mortgages	**—**	**—**	**—**	**—**	**26,731**	**26,731**	**26,236**	24,398	23,885
Subsidiary borrowings	**—**	**—**	**—**	**—**	**3,663**	**3,663**	**3,666**	3,593	3,354
Accounts payable and other liabilities [1]	**674**	**—**	**—**	**—**	**7,689**	**8,363**	**8,363**	7,441	7,441
Capital securities	**—**	**—**	**—**	**—**	**1,641**	**1,641**	**1,632**	1,425	1,293
	$ 674	**$ —**	**$ —**	**$ —**	**$ 42,317**	**$ 42,991**	**$ 42,556**	$ 39,141	$ 38,117

1. Includes $292 million of Accounts Receivable and Other and $424 million of Accounts Payable and Other Liabilities which are elected for hedge accounting

Hedging Activities

The company uses derivatives and non-derivative financial instruments to manage or maintain exposures to interest, currency, credit and other market risks. When derivatives are used to manage exposures, the company determines for each derivative whether hedge accounting can be applied. Where hedge accounting can be applied, a hedge relationship is designated as a fair value hedge, a cash flow hedge or

a hedge of foreign currency exposure of a net investment in a self-sustaining foreign operation. To qualify for hedge accounting the derivative must be highly effective in accomplishing the objective of offsetting changes in the fair value or cash flows attributable to the hedged risk both at inception and over the life of the hedge. If it is determined that the derivative is not highly effective as a hedge, hedge accounting is discontinued prospectively.

Cash Flow Hedges

The company uses the following cash flow hedges: energy derivative contracts primarily to hedge the sale of power; interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability; and equity derivatives to hedge the long-term compensation arrangements. All components of each derivative's change in fair value have been included in the assessment of cash flow hedge effectiveness. For the year ended December 31, 2009, pre-tax net unrealized gains of $100 million (2008 – $3 million) were recorded in Other Comprehensive Income for the effective portion of the cash flow hedges.

Net Investment Hedges

The company uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures to net investments in self-sustaining foreign operations having a functional currency other than the U.S. dollar. For the year ended December 31, 2009, unrealized pre-tax net losses of $251 million (2008 – gains of $285 million) were recorded in Other Comprehensive Income for the effective portion of hedges of net investments in self-sustaining foreign operations.

Financial Instrument Disclosures

In June 2009, the CICA issued amendments to its Financial Instruments Disclosure standard to expand disclosures of financial instruments measured at fair value consistent with new disclosure requirements made under IFRS. Fair value hierarchical levels that are directly determined by the amount of subjectivity associated with the valuation inputs of these assets and liabilities, are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life. Fair valued assets and liabilities that are included in this category are interest rate swap contracts and other derivative contracts.

Level 3 – Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate. Fair valued assets and liabilities that are included in this category are power purchase contracts, subordinated mortgaged-backed securities, interest rate swap contracts, and other derivative contracts.

Assets and liabilities measured at fair value on a recurring basis include $604 million (2008 – $452 million) of financial assets and $410 million (2008 – $381 million) of financial liabilities which are measured at fair value using valuation inputs based on management's best estimates. The table below categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input to the valuations as described above:

	2009				2008
(MILLIONS)	**Level 1**	**Level 2**	**Level 3**	**Total**	Total
Financial assets					
Cash and cash equivalents	**$ 1,375**	**$ —**	**$ —**	**$ 1,375**	$ 1,242
Financial assets					
Government bonds	**190**	**370**	**—**	**560**	557
Corporate bonds	**508**	**398**	**23**	**929**	573
Fixed income securities	**38**	**—**	**275**	**313**	431
Common shares	**133**	**55**	**—**	**188**	193
Accounts receivable and other	**723**	**—**	**306**	**1,029**	610
Total	**$ 2,967**	**$ 823**	**$ 604**	**$ 4,394**	$ 3,606
Financial liabilities					
Accounts payable and other liabilities	**$ 97**	**$ 167**	**$ 410**	**$ 674**	$ 371
Total	**$ 97**	**$ 167**	**$ 410**	**$ 674**	$ 371

4. LOANS AND NOTES RECEIVABLE

Loans and notes receivable include corporate loans, bridge loans and other loans, either advanced directly or acquired in the secondary market.

The fair value of the company's loans and notes receivable at December 31, 2009 is below the carrying value by $93 million (2008 – $465 million) based on expected future cash flows, discounted at market rates for assets with similar terms and investment risks.

The loans and notes receivable mature over the next seven years (2008 – eight years), with an average maturity of approximately one year (2008 – one year) and include fixed rate loans totalling $94 million (2008 – $107 million) with an average yield of 7.7% (2008 – 7.4%).

The company acquired the underlying assets of two real estate loans receivable and recorded a $12 million loan impairment representing the difference between the carrying value of the loans and the estimated value of the net assets acquired.

5. INVESTMENTS

Equity accounted investments include the following:

	% of Investment		Book Value	
(MILLIONS)	**2009**	2008	**2009**	2008
Transelec	**28%**	28%	**$ 378**	$ 324
Property funds	**13 - 25%**	20 - 25%	**480**	233
Prime Infrastructure	**40%**	—	**657**	—
DBCT	**49%**	—	**254**	—
Other	**Various**	Various	**155**	126
Brazil transmission	**—**	7 - 25%	**—**	207
Total			**$ 1,924**	$ 890

In the fourth quarter of 2009, the company acquired a 40% interest in Prime Infrastructure which is comprised of a number of utility, energy and transportation assets as part of the BBI Transaction. As part of the same transaction, the company acquired a 49% indirect ownership interest in Dalrymple Bay Coal Terminal ("DBCT"). See Note 2 for further information.

Also in the fourth quarter of 2009, the company increased its ownership interest in MAFCA and commenced accounting for its investment in the fund on a consolidated basis. This resulted in the company consolidating the fund's $339 million of equity accounted investments as "property fund investments" in the foregoing table. See Note 2 for further information.

The company sold its Brazilian transmission investment in the second quarter of 2009 for proceeds of $275 million.

6. ACCOUNTS RECEIVABLE AND OTHER

(MILLIONS)	Note	2009	2008
Accounts receivable	(a)	**$ 4,201**	$ 3,056
Prepaid expenses and other assets	(b)	**2,781**	2,548
Restricted cash	(c)	**704**	610
Future tax assets		**919**	711
Total		**$ 8,605**	$ 6,925

(a) Accounts Receivable

Accounts receivable includes $2,447 million (2008 – $1,351 million) of work-in-process related to contracted sales from the company's residential development operations. Also included in accounts receivable are loans receivable from employees of the company and consolidated subsidiaries of $6 million (2008 – $6 million).

(b) Prepaid Expenses and Other Assets

Prepaid expenses and other assets includes $803 million (2008 – $778 million) of levelized receivables arising from straight-line revenue recognition for commercial property leases and power sales contracts. Also included is $461 million (2008 – $609 million) of inventory primarily related to industrial businesses.

(c) Restricted Cash

Restricted cash relates primarily to commercial property and power generating financing arrangements including defeasement of debt obligations, debt service accounts and deposits held by the company's insurance operations.

7. INTANGIBLE ASSETS

Intangible assets includes $1,341 million (2008 – $1,470 million) related to leases and tenant relationships allocated from the purchase price on the acquisition of commercial properties which is presented net of $575 million (2008 – $526 million) of accumulated amortization.

8. PROPERTY, PLANT AND EQUIPMENT

(MILLIONS)	Note	2009	2008
Renewable power generation	(a)	**$ 5,638**	$ 4,954
Commercial properties	(b)	**24,270**	21,598
Infrastructure	(c)	**3,247**	2,879
Development activities	(d)	**6,404**	5,342
Other plant and equipment	(e)	**2,105**	1,992
Total		**$ 41,664**	$ 36,765

(a) Renewable Power Generation

(MILLIONS)	2009	2008
Hydroelectric power facilities	**$ 6,235**	$ 5,240
Wind energy	**319**	291
Co-generation and pumped storage	**179**	188
	6,733	5,719
Less: accumulated depreciation	**1,328**	1,018
	5,405	4,701
Generating facilities under development	**233**	253
Total	**$ 5,638**	$ 4,954

Generation assets includes the cost of the company's 163 hydroelectric generating stations, one wind energy farm, one pumped storage facility and two natural gas-fired cogeneration facilities. The company's hydroelectric power facilities operate under various agreements for water rights which extend to or are renewable over terms through the years 2009 to 2046.

(b) Commercial Properties

(MILLIONS)	2009	2008
Commercial properties	**$ 24,163**	$ 20,711
Less: accumulated depreciation	**1,900**	1,437
	22,263	19,274
Commercial developments	**2,007**	2,324
Total	**$ 24,270**	$ 21,598

Included in commercial properties is $3,961 million (2008 – $3,934 million) of land held under leases or other agreements largely expiring after the year 2099. Minimum rental payments on land leases are approximately $29 million (2008 – $29 million) annually for the next five years and $1,750 million (2008 – $1,804 million) in total on an undiscounted basis.

Construction costs of $125 million and interest costs of $132 million were capitalized to the commercial property portfolio for properties undergoing development in 2009 (2008 – $397 million and $157 million, respectively).

(c) Infrastructure

(MILLIONS)	Note	2009	2008
Timber	(i)	**$ 2,802**	$ 2,721
Utilities and energy	(ii)	**144**	158
Transportation	(iii)	**301**	—
Total		**$ 3,247**	$ 2,879

(i) Timber

(MILLIONS)	2009	2008
Timber	**$ 3,166**	$ 2,987
Other property, plant and equipment	**16**	19
	3,182	3,006
Less: accumulated depletion and amortization	**380**	285
Total	**$ 2,802**	$ 2,721

(ii) Utilities and Energy

(MILLIONS)	2009	2008
Utilities and energy assets	**$ 216**	$ 167
Other property, plant and equipment	**—**	82
	216	249
Less: accumulated depreciation	**72**	91
Total	**$ 144**	$ 158

The company's utilities and energy assets are comprised of power transmission and distribution networks, which are operated under regulated rate base arrangements that are applied to the company's invested capital.

In the fourth quarter of 2009, the company disposed of its Canadian distribution assets for consideration of C$75 million.

(iii) Transportation

(MILLIONS)	2009	2008
Transportation assets	**$ 302**	$ —
Less: accumulated depreciation	**1**	—
Total	**$ 301**	$ —

In connection with the BBI Transaction, the company acquired PD Ports, the third largest port operator in the UK by volume. See Note 2 for further information.

(d) Development Activities

Development activities include properties relating to the company's opportunity investments, residential properties, residential land and other, and construction operations.

(MILLIONS)	Note	2009	2008
Opportunity investments	(i)	**$ 917**	$ 850
Residential properties	(ii)	**3,059**	2,431
Residential land and other	(iii)	**2,317**	1,937
Construction		**111**	124
Total		**$ 6,404**	$ 5,342

(i) Opportunity Investments

(MILLIONS)	2009	2008
Commercial and other properties	**$ 1,016**	$ 926
Less: accumulated depreciation	**99**	76
Total	**$ 917**	$ 850

(ii) Residential Properties

(MILLIONS)	2009	2008
Residential properties – owned	**$ 2,933**	$ 2,362
– optioned	**126**	69
Total	**$ 3,059**	$ 2,431

Residential properties include infrastructure, land under option, and construction in progress for single-family homes and condominiums. During 2009, the company capitalized $104 million of interest (2008 – $148 million) to its residential land operations.

(iii) Residential Land and Other

Residential land and other includes rural lands held for future development in agricultural or residential areas.

(e) Other Plant and Equipment

Other plant and equipment includes capital assets associated primarily with the company's investments in Fraser Papers Inc., Norbord Inc., Western Forest Products Inc., and other consolidated entities within the company's restructuring funds.

9. CORPORATE BORROWINGS

(MILLIONS)	Market	Maturity	Annual Rate	Currency	2009	2008
Term debt	Public – U.S.	March 1, 2010	5.75%	US$	**$ 200**	$ 200
Term debt	Public – U.S.	June 15, 2012	7.13%	US$	**350**	350
Term debt	Private – U.S.	October 23, 2012	6.40%	US$	**75**	75
Term debt	Private – U.S.	October 23, 2013	6.65%	US$	**75**	75
Term debt	Private – Canadian	April 30, 2014	6.26%	C$	**35**	—
Term debt	Public – Canadian	June 2, 2014	8.95%	C$	**475**	—
Term debt	Public – U.S.	April 25, 2017	5.80%	US$	**240**	250
Term debt	Public – Canadian	April 25, 2017	5.29%	C$	**238**	205
Term debt	Public – U.S.	March 1, 2033	7.38%	US$	**250**	250
Term debt	Public – Canadian	June 14, 2035	5.95%	C$	**285**	246
Commercial paper and bank borrowings			L + 62.5 b.p.	US$/C$	**388**	649
Deferred financing costs[1]					**(18)**	(16)
Total					**$ 2,593**	$ 2,284

1.Deferred financing costs are amortized to interest expense over the term of the borrowing following the effective interest method
L – One month LIBOR b.p. – Basis Points

Term debt borrowings have a weighted average interest rate of 5.9% (2008 – 6.3%), and include $1,099 million (2008 – $451 million) repayable in Canadian dollars equivalent to C$1,157 million (2008 – C$550 million).

The fair value of corporate borrowings at December 31, 2009 was above the company's carrying values by $66 million (2008 – below by $140 million), determined by way of discounted cash flows using market rates adjusted for the company's credit spreads. Corporate borrowings are recorded initially at their fair value, net of transaction costs incurred, and are subsequently reported at their amortized cost calculated using the effective interest method.

In 2009, the company issued C$500 million of 8.95% publicly traded term debt due June 2014, as well as a C$40 million secured private placement.

In March 2010, the company repaid $200 million of corporate term debt and issued C$300 million of corporate term debt at 5.2%, which matures in September 2016.

10. NON-RECOURSE BORROWINGS

(a) Property-Specific Mortgages

Principal repayments on property-specific mortgages due over the next five years and thereafter are as follows:

(MILLIONS)	Renewable Power Generation	Commercial Properties	Infrastructure	Development	Special Situations	Total Annual Repayments
2010	$ 390	$ 1,281	$ 10	$ 1,032	$ 64	$ 2,777
2011	126	5,329	74	722	126	6,377
2012	700	1,793	—	430	636	3,559
2013	138	2,317	454	157	76	3,142
2014	288	1,185	—	41	—	1,514
Thereafter	2,489	4,228	1,528	49	1,068	9,362
Total – 2009	$ 4,131	$ 16,133	$ 2,066	$ 2,431	$ 1,970	$ 26,731
Total – 2008	$ 3,588	$ 15,219	$ 1,648	$ 2,490	$ 1,453	$ 24,398

The local currency composition of property-specific mortgages are as follows:

(MILLIONS)	**2009**	**Local Currency**	2008	Local Currency
U.S . dollars	**$ 16,489**	**$ 16,489**	$ 16,906	$ 16,906
Canadian dollars	**3,507**	**3,690**	3,085	3,766
Australian dollars	**2,879**	**3,208**	2,074	2,943
Brazilian reais	**2,431**	**4,233**	1,460	3,415
British pounds	**1,201**	**743**	725	496
New Zealand dollars	**176**	**243**	101	171
European Union euros	**48**	**33**	47	33
	$ 26,731	**$ N/A**	$ 24,398	$ N/A

N/A - - not applicable

The weighted average interest rate at December 31, 2009 was 5.2% per annum (2008 – 5.8%).

Property-specific mortgages are recorded initially at their fair value, net of transaction costs incurred, and are subsequently reported at their amortized cost calculated using the effective interest method.

The fair value of property-specific mortgages was below the company's carrying values by $495 million (2008 – $513 million), determined by way of discounted cash flows using market rates adjusted for credit spreads applicable to the debt.

Residential property debt represents amounts drawn under construction financing facilities which are typically established on a project-by-project basis. Amounts drawn are repaid from the proceeds on the sale of building lots, single-family homes and condominiums and redrawn to finance the construction of new homes.

(b) Subsidiary Borrowings

Principal repayments on subsidiary borrowings over the next five years and thereafter are as follows:

(MILLIONS)	Renewable Power Generation	Commercial Properties	Infrastructure	Development	Special Situations	Other	Total Annual Repayments
2010	$ 28	$ 392	$ —	$ 296	$ 92	$ 35	$ 843
2011	122	159	—	179	118	—	578
2012	380	—	—	—	246	—	626
2013	—	—	—	—	5	—	5
2014	—	—	—	—	218	—	218
Thereafter	614	—	—	—	—	779	1,393
Total – 2009	$ 1,144	$ 551	$ —	$ 475	$ 679	$ 814	$ 3,663
Total – 2008	$ 652	$ 831	$ 140	$ 394	$ 815	$ 761	$ 3,593

The local currency composition of subsidiary borrowings are as follows:

(MILLIONS)	**2009**	**Local Currency**	2008	Local Currency
U.S . dollars	**$ 1,723**	**$ 1,723**	$ 1,865	$ 1,865
Canadian dollars	**1,191**	**1,253**	955	1,166
Australian dollars	**588**	**655**	760	1,078
Brazilian reais	**—**	**—**	4	10
British pounds	**161**	**100**	9	6
	$ 3,663	**$ N/A**	$ 3,593	$ N/A

The fair value of subsidiary borrowings was above the company's carrying values by $3 million (2008 – was below $239 million), determined by way of discounted cash flows using market rates adjusted for applicable credit spreads.

Commercial properties includes $nil (2008 – $240 million) invested by investment partners in the form of debt capital in entities that are required to be consolidated into the company's accounts.

Subsidiary borrowings include contingent obligations pursuant to financial instruments which are recorded as liabilities. These amounts include $779 million (2008 – $675 million) of subsidiary obligations relating to the company's international operations that are subject to credit rating provisions and which are supported by corporate guarantees.

Subsidiary borrowings are recorded initially at their fair value, net of transaction costs incurred, and are subsequently reported at amortized cost calculated using the effective interest method.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

(MILLIONS)	**2009**	2008
Accounts payable	**$ 5,052**	$ 4,494
Future tax liabilities	**1,654**	1,461
Other liabilities	**3,311**	2,949
Total	**$ 10,017**	$ 8,904

Included in accounts payable and other liabilities is $1,674 million (2008 – $1,045 billion) and $696 million (2008 – $453 million) of accounts payable and deferred revenue, respectively, related to the company's residential development operations. Accounts payable also includes $735 million (2008 – $1,014 million) of insurance deposits, claims and other liabilities incurred by the company's insurance subsidiaries.

12. INTANGIBLE LIABILITIES

Intangible liabilities represent below-market tenant leases and above-market ground leases assumed on acquisitions, net of accumulated amortization. At December 31, 2009, $741 million (2008 – $891 million) of below-market tenant leases and above-market ground leases were recorded net of $476 million of amortization (2008 – $374 million).

13. CAPITAL SECURITIES

The company has the following capital securities outstanding:

(MILLIONS)	Note	2009	2008
Corporate preferred shares	(a)	**$ 632**	$ 543
Subsidiary preferred shares	(b)	**1,009**	882
Total		**$ 1,641**	$ 1,425

(a) Corporate Preferred Shares

(MILLIONS, EXCEPT SHARE INFORMATION)	Shares Outstanding	Description	Cumulative Dividend Rate	Currency	2009	2008
Class A preferred shares	10,000,000	Series 10	5.75%	C$	**$ 238**	$ 205
	4,032,401	Series 11	5.50%	C$	**96**	83
	7,000,000	Series 12	5.40%	C$	**166**	143
	6,000,000	Series 21	5.00%	C$	**142**	123
Deferred financing costs					**(10)**	(11)
Total					**$ 632**	$ 543

Subject to approval of the Toronto Stock Exchange, the Series 10, 11, 12 and 21 shares, unless redeemed by the company for cash, are convertible into Class A common shares at a price equal to the greater of 95% of the market price at the time of conversion and C$2.00, at the option of either the company or the holder, at any time after the following dates:

CLASS A PREFERRED SHARES	Earliest Permitted Redemption Date	Company's Conversion Option	Holder's Conversion Option
Series 10	September 30, 2008	September 30, 2008	March 31, 2012
Series 11	June 30, 2009	June 30, 2009	December 31, 2013
Series 12	March 31, 2014	March 31, 2014	March 31, 2018
Series 21	June 30, 2013	June 30, 2013	June 30, 2013

(b) Subsidiary Preferred Shares

(MILLIONS, EXCEPT SHARE INFORMATION)	Shares Outstanding	Description	Cumulative Dividend Rate	Currency	2009	2008
Class AAA preferred shares of	8,000,000	Series F	6.00%	C$	**$ 190**	$ 164
Brookfield Properties Corporation	4,400,000	Series G	5.25%	US$	**110**	110
	8,000,000	Series H	5.75%	C$	**190**	164
	8,000,000	Series I	5.20%	C$	**190**	164
	8,000,000	Series J	5.00%	C$	**190**	164
	6,000,000	Series K	5.20%	C$	**143**	123
Deferred financing costs					**(4)**	(7)
Total					**$ 1,009**	$ 882

The subsidiary preferred shares are redeemable at the option of either the company or the holder, at any time after the following dates:

CLASS AAA PREFERRED SHARES	Earliest Permitted Redemption Date	Company's Conversion Option	Holder's Conversion Option
Series F	September 30, 2009	September 30, 2009	March 31, 2013
Series G	June 30, 2011	June 30, 2011	September 30, 2015
Series H	December 31, 2011	December 31, 2011	December 31, 2015
Series I	December 31, 2008	December 31, 2008	December 31, 2010
Series J	June 30, 2010	June 30, 2010	December 31, 2014
Series K	December 31, 2012	December 31, 2012	December 31, 2016

14. NON-CONTROLLING INTERESTS

Non-controlling interests represent the common and preferred equity in consolidated entities that is owned by other shareholders.

(MILLIONS)	2009	2008
Common equity	**$ 8,182**	$ 5,875
Preferred equity	**787**	446
Total	**$ 8,969**	$ 6,321

Non-controlling interests in common equity increased by $2,125 million during 2009 as a result of equity issuances in the company's consolidated subsidiaries.

15. PREFERRED EQUITY

Preferred equity represents perpetual preferred shares and consists of the following:

			Issued and Outstanding			
(MILLIONS, EXCEPT SHARE INFORMATION)	Rate	Term	2009	2008	2009	2008
Class A preferred shares						
Series 2	70% P	Perpetual	**10,465,100**	10,465,100	**$ 169**	$ 169
Series 4	70% P/8.5%	Perpetual	**2,800,000**	2,800,000	**45**	45
Series 8	Variable up to P	Perpetual	**1,805,948**	1,805,948	**29**	29
Series 9	4.35%	Perpetual	**2,194,052**	2,194,052	**35**	35
Series 13	70% P	Perpetual	**9,297,700**	9,297,700	**195**	195
Series 15	B.A. + 40 b.p.[1]	Perpetual	**2,000,000**	2,000,000	**42**	42
Series 17	4.75%	Perpetual	**8,000,000**	8,000,000	**174**	174
Series 18	4.75%	Perpetual	**8,000,000**	8,000,000	**181**	181
Series 22	7.00%	Perpetual	**12,000,000**	—	**274**	—
Total					**$ 1,144**	$ 870

1. Rate determined in a quarterly auction
P – Prime Rate B.A. – Bankers' Acceptance Rate b.p. – Basis Points

The company is authorized to issue an unlimited number of Class A preferred shares and an unlimited number of Class AA preferred shares, issuable in series. No Class AA preferred shares have been issued.

The Class A preferred shares have preference over the Class AA preferred shares, which in turn are entitled to preference over the Class A and Class B common shares on the declaration of dividends and other distributions to shareholders. All series of the outstanding preferred shares have a par value of C$25 per share.

In June 2009, the company issued 12,000,000 Class A series 22, 7% preferred shares for cash proceeds of C$300 million, and incurred transaction costs of C$9 million.

In January 2010, the company issued 11,000,000 Class A series 24, 5.4% preferred shares for cash proceeds of C$275 million, and incurred transaction costs of C$8 million.

16. COMMON EQUITY

The company is authorized to issue an unlimited number of Class A Limited Voting Shares ("Class A common shares") and 85,120 Class B Limited Voting Shares ("Class B common shares"), together referred to as common shares.

The company's common shareholders' equity is comprised of the following:

(MILLIONS)	2009	2008
Class A and B common shares	**$ 1,289**	$ 1,278
Contributed surplus	**58**	42
Retained earnings	**4,451**	4,361
Accumulated other comprehensive income (loss)	**605**	(770)
Common equity	**$ 6,403**	$ 4,911
NUMBER OF SHARES		
Class A common shares	**572,782,819**	572,479,652
Class B common shares	**85,120**	85,120
	572,867,939	572,564,772
Unexercised options	**34,883,426**	27,761,269
Total diluted common shares	**607,751,365**	600,326,041

(a) Class A and Class B Common Shares

The company's Class A common shares and its Class B common shares are each, as a separate class, entitled to elect one-half of the company's Board of Directors. Shareholder approvals for matters other than for the election of directors must be received from the holders of the company's Class A common shares as well as the Class B common shares, each voting as a separate class.

During 2009 and 2008, the number of issued and outstanding common shares changed as follows:

	2009	2008
Outstanding at beginning of year	**572,564,772**	583,612,701
Shares issued (repurchased)		
Dividend reinvestment plan	**178,962**	161,386
Management share option plan	**1,622,444**	3,014,077
Repurchases	**(1,498,249)**	(14,224,303)
Other	**10**	911
Outstanding at end of year	**572,867,939**	572,564,772

In 2009, the company repurchased 1,498,249 (2008 – 14,224,303) Class A common shares under normal course issuer bids at a cost of $18 million (2008 – $287 million). Proceeds from the issuance of common shares pursuant to the company's dividend reinvestment plan and management share option plan ("MSOP"), totalled $14 million (2008 – $33 million).

(b) Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

(MILLIONS)	2009	2008
Net income	**$ 454**	$ 649
Preferred share dividends	**(43)**	(44)
Net income available for common shareholders	**$ 411**	$ 605
Weighted average outstanding common shares	**572.2**	581.1
Dilutive effect of options using treasury stock method	**8.1**	10.8
Common shares and common share equivalents	**580.3**	591.9

The holders of Class A common shares and Class B common shares rank on parity with each other with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding up of the company or any other distribution of the assets of the company among its shareholders for the purpose of winding up its affairs. With respect to the Class A and Class B common shares, there are no dilutive factors, material or otherwise, that would result in different diluted earnings per share. This relationship holds true irrespective of the number of dilutive instruments issued in either one of the respective classes of common shares, as both classes of common shares participate equally, on a pro rata basis in the dividends, earnings and net assets of the company, whether taken before or after dilutive instruments, regardless of which class of common shares is diluted.

(c) Stock-Based Compensation

Options issued under the company's MSOP typically vest proportionately over five years and expire 10 years after the grant date. The exercise price is equal to the market price at the grant date. During 2009, the company granted 10,154,850 (2008 – 3,823,000) options with an average exercise price of $14.31 (C$17.78) (2008 – C$31.47) per share. The cost of the options granted was determined using the Black-Scholes model of valuation, assuming a 7.5 year term to exercise (2008 – 7.5 year), 32% volatility (2008 – 27%), a weighted average expected annual dividend yield of 3.7% (2008 – 1.7%), a risk-free rate of 2.3% (2008 – 3.9%) and a liquidity discount of 25% (2008 – 25%). The cost of $21 million (2008 – $21 million) is charged to employee compensation expense on an equal basis over the five-year vesting period of the options granted.

The changes in the number of options during 2009 and 2008 were as follows:

	2009		2008	
	Number of Options (000's)	**Weighted Average Exercise Price**	Number of Options (000's)	Weighted Average Exercise Price
Outstanding at beginning of year	**27,761**	**C$ 19.61**	27,344	C$ 17.12
Granted	**10,155**	**17.78**	3,823	31.47
Exercised	**(1,623)**	**7.76**	(3,014)	10.18
Cancelled	**(1,410)**	**32.37**	(392)	34.54
Outstanding at end of year	**34,883**	**C$ 19.11**	27,761	C$ 19.61
Exercisable at end of year	**18,408**		16,671	

At December 31, 2009, the following options to purchase Class A common shares were outstanding:

NUMBER OUTSTANDING (000'S)	Exercise Price	Weighted Average Remaining Life	Number Exercisable (000's)
2,129	**C$4.90 – C$6.73**	0.6 years	2,129
6,210	**C$7.61 – C$9.84**	2.4 years	6,210
12,839	**C$13.37 – C$19.03**	8.0 years	2,958
7,946	**C$20.21 – C$30.22**	5.7 years	5,446
5,759	**C$31.62 – C$46.59**	7.7 years	1,665
34,883			18,408

A Restricted Share Unit Plan provides for the issuance of Deferred Share Units ("DSUs"), as well as Restricted Share Appreciation Units ("RSAUs"). Under this plan, qualifying employees and directors receive varying percentages of their annual incentive bonus or directors' fees in the form of DSUs. The DSUs and RSAUs vest over periods of up to five years, and DSUs accumulate additional DSUs at the same rate as dividends on common shares based on the market value of the common shares at the time of the dividend. Participants are not allowed to convert DSUs and RSAUs into cash until cessation of employment. The value of the DSUs, when converted to cash, will be equivalent to the market value of the common shares at the time the conversion takes place. The value of the RSAUs when converted into cash will be equivalent to the difference between the market price of equivalent numbers of common shares at the time the conversion takes place, and the market price on the date the RSAUs are granted. The company uses equity derivative contracts to offset its exposure to the change in share prices in respect of vested and unvested DSUs and RSAUs. The value of the vested DSUs and RSAUs as at December 31, 2009 was $215 million (2008 – $132 million).

Employee compensation expense for these plans is charged against income over the vesting period of the DSUs and RSAUs. The amount payable by the company in respect of vested DSUs and RSAUs changes as a result of dividends and share price movements. All of the amounts attributable to changes in the amounts payable by the company are recorded as employee compensation expense in the period of the change, and for the year ended December 31, 2009, including those of operating subsidiaries, totalled $26 million (2008 – $61 million), net of the impact of hedging arrangements.

17. DERIVATIVE FINANCIAL INSTRUMENTS

The company's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. The company and its subsidiaries selectively use derivative financial instruments principally to manage these risks.

The aggregate notional amount of the company's derivative positions at the end of 2009 and 2008 are as follows:

(MILLIONS)	Note	**2009**	2008
Foreign exchange	(a)	**$ 2,220**	$ 3,607
Interest rates	(b)	**6,503**	8,085
Credit default swaps	(c)	**365**	2,465
Equity derivatives	(d)	**567**	417
Commodity instruments (energy)	(e)	**365**	198
		$ 10,020	$ 14,772

(a) Foreign Exchange

The company held the following foreign exchange contracts with notional amounts at December 31, 2009 and December 31, 2008.

	Notional Amount (U.S . Dollars)		Average Exchange Rate	
(MILLIONS)	**2009**	2008	**2009**	2008
Foreign exchange contracts				
Canadian dollars	**$ 192**	$ 278	**$ 0.95**	$ 0.82
British pounds	**364**	960	**1.61**	1.48
Australian dollars	**389**	1,053	**0.81**	0.67
European Union euros	**176**	121	**1.46**	1.49
Danish kroner	**54**	—	**0.19**	—
Brazilian reais	**3**	249	**1.75**	1.92
Cross currency interest rate swaps				
Canadian dollars	**569**	669	**0.79**	0.67
Australian dollars	**24**	141	**0.66**	0.77
Brazilian reais	**—**	136	**—**	1.71
Foreign exchange options	**449**	—	**0.73**	—
	$ 2,220	$ 3,607	**$ N/A**	$ N/A

Included in net income, are net gains on foreign currency balances amounting to $16 million (2008 – $37 million) and included in the cumulative translation adjustment account in other comprehensive income are gains in respect of foreign currency contracts entered into for hedging purposes amounting to $1 million (2008 – $139 million).

(b) Interest Rates

At December 31, 2009, the company held interest rate swap contracts having an aggregate notional amount of $650 million (2008 – $400 million). The company's subsidiaries held interest rate swap contracts having an aggregate notional amount of $4,953 million (2008 – $3,292 million). The company's subsidiaries held interest rate cap contracts with an aggregate notional amount of $900 million (2008 – $4,393 million).

(c) Credit Default Swaps

As at December 31, 2009, the company held credit default swap contracts with an aggregate notional amount of $365 million (2008 – $2,465 million). Credit default swaps are contracts which are designed to compensate the purchaser for any change in the value of an underlying reference asset, based on measurement in credit spreads, upon the occurrence of predetermined credit events. The company is entitled to receive payments in the event of a predetermined credit event for up to $245 million (2008 – $2,407 million) of the notional amount and could be required to make payments in respect of $120 million (2008 – $58 million) of the notional amount.

(d) Equity Derivatives

At December 31, 2009, the company and its subsidiaries held equity derivatives with a notional amount of $567 million (2008 – $417 million) recorded at an amount equal to fair value. A portion of the notional amount represents a $366 million (2008 – $263 million) hedge of long-term compensation arrangements and the balance represents common equity positions established in connection with the company's investment activities. The fair value of these instruments was reflected in the company's consolidated financial statements at year end.

(e) Commodity Instruments

The company has entered into energy derivative contracts primarily to hedge the sale of generated power. The company endeavours to link forward electricity sale derivatives to specific periods in which it expects to generate electricity for sale. All energy derivative contracts are recorded at an amount equal to fair value and are reflected in the company's consolidated financial statements at year end.

Other Information Regarding Derivative Financial Instruments

The following table classifies derivatives elected as either fair value hedges, cash flow hedges or net investment hedges, and records changes in the value of the effective portion of the hedge in either Other Comprehensive Income or Net Income, depending on the hedge classification and records changes in the value of the ineffective portion of the hedge in Net Income during the year:

		Net Gain (Losses)	
(MILLIONS)	Notional	Effective Portion	Ineffective Portion
Fair value hedges	$ 447	$ 8	$ 2
Cash flow hedges	4,684	100	1
Net investment hedges	1,064	(92)	5
	$ 6,195	$ 16	$ 8

The following table presents the change in fair values of the company's derivative positions during the years ended December 31, 2009 and 2008, for both derivatives that are held-for-trading and derivatives that qualify for hedge accounting:

(MILLIONS)	**Unrealized Gains During 2009**	**Unrealized Losses During 2009**	**Net Change During 2009**	2008 Net Change
Foreign exchange derivatives	**$ 87**	**$ (70)**	**$ 17**	$ 176
Interest rate derivatives				
Interest rate swaps	**212**	**(8)**	**204**	(180)
Interest rate caps	**4**	**(3)**	**1**	2
	216	**(11)**	**205**	(178)
Credit default swaps	**—**	**(4)**	**(4)**	27
Equity derivatives	**66**	**(47)**	**19**	(219)
Commodity derivatives	**83**	**(112)**	**(29)**	147
	$ 452	**$ (244)**	**$ 208**	$ (47)

The following table presents the notional amounts underlying the company's derivative instruments by term to maturity, as at December 31, 2009, for both derivatives that are held-for-trading and derivatives that qualify for hedge accounting:

	Residual Term to Contractual Maturity			
(MILLIONS)	< 1 year	1 to 5 years	> 5 years	Total Notional Amount
Held-for-trading				
Foreign exchange derivatives	$ 316	$ 473	$ —	$ 789
Interest rate derivatives				
Interest rate swaps	798	198	478	1,474
Interest rate caps	356	28	—	384
	1,154	226	478	1,858
Credit default swaps	—	365	—	365
Equity derivatives	37	336	184	557
Commodity derivatives	37	100	119	256
	1,544	1,500	781	3,825
Elected for hedge accounting				
Foreign exchange derivatives	1,065	366	—	1,431
Interest rate derivatives				
Interest rate swaps	1,100	3,024	5	4,129
Interest rate caps	160	356	—	516
	1,260	3,380	5	4,645
Equity derivatives	10	—	—	10
Commodity derivatives	93	16	—	109
	2,428	3,762	5	6,195
	$ 3,972	$ 5,262	$ 786	$ 10,020

18. RISK MANAGEMENT

The company is exposed to the following risks as a result of holding financial instruments: market risk (i.e. interest rate risk, currency risk and other price risks that impact the fair values of financial instruments); credit risk; and liquidity risk. The following is a description of these risks and how they are managed:

(a) Market Risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to factors other than interest rates or currency exchange rates such as changes in equity prices, commodity prices or credit spreads.

The company manages market risk from foreign currency assets and liabilities and the impact of changes in interest rates, floating rate assets and liabilities by funding assets with financial liabilities in the same currency and with similar interest rate characteristics and holding financial contracts such as interest rate and foreign exchange derivatives to minimize residual exposures. Financial instruments held by the company that are subject to market risk include securities and loans and notes receivable, borrowings, and derivative instruments such as interest rate, currency, equity and commodity contracts. The categories of financial instruments that can potentially give rise to significant variability in net income and other comprehensive income are described in the following paragraphs.

Interest Rate Risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in the net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in the value of financial instruments whose cash flows are fixed in nature.

The company's assets largely consist of long duration interest sensitive physical assets. Accordingly, the company's financial liabilities consist primarily of long-term fixed rate debt or floating rate debt that has been swapped with interest rate derivatives. These financial liabilities are, with few exceptions, recorded

at their amortized cost. The company also holds interest rate caps to limit its exposure to increases in interest rates on floating rate debt that has not been swapped and holds interest rate contracts to lock in fixed rates on anticipated future debt issuances and as an economic hedge against the values of long duration interest sensitive physical assets that have not been otherwise matched with fixed rate debt.

The result of a 50-basis point increase in interest rates on the company's net floating rate assets and liabilities would have resulted in a corresponding decrease in net income before tax of $29 million on an annualized basis.

Changes in the value of held-for-trading interest rate contracts are recorded in net income and changes in the value of contracts that are elected for hedge accounting together with changes in the value of available-for-sale financial instruments are recorded in other comprehensive income together with the change in the value of the item being hedged. The impact of a 10-basis point parallel increase in the yield curve on the aforementioned financial instruments is estimated to result in a corresponding increase in net income of $1 million and an increase in other comprehensive income of $2 million, before tax for the year ended December 31, 2009.

Currency Exchange Rate Risk

Changes in currency rates will impact the carrying value of financial instruments denominated in currencies other than the U.S. dollar.

The company holds financial instruments with net unmatched exposures in several currencies, changes in the translated value of which are recorded in net income. The impact of a 1% increase in the U.S. dollar against these currencies would have resulted in a $16 million increase in the value of these positions on a combined basis, of which $20 million relates to the Canadian dollar. The impact on cash flows from financial instruments would be insignificant. The company holds financial instruments to hedge the net investment in self-sustaining operations whose functional and reporting currencies are other than the U.S. dollar. A 1% increase in the U.S. dollar would increase the value of these hedging instruments by $32 million as at December 31, 2009, which would be recorded in other comprehensive income and offset by changes in the U.S. dollar carrying value of the net investment being hedged.

Other Price Risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads.

Financial instruments held by the company that are exposed to equity price risk include equity securities and equity derivatives. A 5% decrease in the market price of equity securities and equity derivatives held by the company, excluding equity derivatives in respect of compensation arrangements, would have increased net income by $6 million and decreased other comprehensive income by $8 million, prior to taxes. The company's liability in respect of equity compensation arrangements is subject to variability based on changes in the company's underlying common share price. The company holds equity derivatives to hedge almost all of the variability. A 5% change in the common equity price of the company in respect of compensation agreements would increase the compensation liability and compensation expense by $16 million. This increase would be offset by a $17 million change in value of the associated equity derivatives of which $16 million would offset the above mentioned increase in compensation expense and the remaining $1 million would be recorded in other comprehensive income.

The company sells power and generation capacity under long-term agreements and financial contracts to stabilize future revenues. Certain of the contracts are considered financial instruments and are recorded at fair value in the financial statements, with changes in value being recorded in either net income or other comprehensive income as applicable. A 5% increase in energy prices would have decreased net income for the year ended December 31, 2009 by approximately $21 million and other comprehensive income by $4 million, prior to taxes. The corresponding increase in the value of the revenue or capacity being contracted, however, is not recorded in net income until subsequent periods.

The company held credit default swap contracts with a net notional amount of $125 million at December 31, 2009. The company is exposed to changes in the credit spread of the contracts' underlying

reference asset. A 10-basis point increase in the credit spread of the underlying reference assets would have increased net income by $0.3 million for the year ended December 31, 2009, prior to taxes.

(b) Credit Risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. The company's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding derivative contracts, loans receivable and credit investments such as bonds and preferred shares.

The company assesses the credit worthiness of each counterparty before entering into contracts and ensures that counterparties meet minimum credit quality requirements. Management evaluates and monitors counterparty credit risk for derivative financial instruments and endeavours to minimize counterparty credit risk through diversification, collateral arrangements, and other credit risk mitigation techniques. The credit risk of derivative financial instruments is generally limited to the positive fair value of the instruments, which, in general, tends to be a relatively small proportion of the notional value. Substantially all of the company's derivative financial instruments involve either counterparties that are banks or other financial institutions in North America, the United Kingdom and Australia, or arrangements that have embedded credit risk mitigation features. The company does not expect to incur credit losses in respect of any of these counterparties. The maximum exposure in respect of loans receivables and credit investments is equal to the carrying value.

(c) Liquidity Risk

Liquidity risk is the risk that the company cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To ensure the company is able to react to contingencies and investment opportunities quickly, the company maintains sources of liquidity at the corporate level. The primary source of liquidity consists of cash and financial assets, net of deposits and other associated liabilities, and undrawn committed credit facilities.

The company is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. The company believes these risks are mitigated through the use of long-term debt secured by high quality assets, maintaining debt levels that are in management's opinion relatively conservative, and by diversifying maturities over an extended period of time. The company also seeks to include in its agreements terms that protect the company from liquidity issues of counterparties that might otherwise impact the company's liquidity.

19. CAPITAL MANAGEMENT

The capital of the company consists of the components of shareholders' equity in the company's consolidated balance sheet (i.e. common and preferred equity) as well as the company's capital securities, which consist of corporate preferred shares that are convertible into common shares at the option of either the holder or the company. As at December 31, 2009, these items totalled $8.2 billion on a book value basis (2008 – $6.3 billion).

The company's objectives when managing this capital are to maintain an appropriate balance between holding a sufficient amount of capital to support its operations, which includes maintaining investment- grade ratings at the corporate level, and providing shareholders with a prudent amount of leverage to enhance returns. Corporate leverage, which consists of corporate debt as well as subsidiary obligations that are guaranteed by the company or are otherwise considered corporate in nature, totalled $3.4 billion based on book values at December 31, 2009 (2008 – $3.0 billion). The company monitors its capital base and leverage primarily in the context of its deconsolidated debt-to-total capitalization ratios. The ratio as at December 31, 2009 was 27% (2008 – 28%), which is within the company's target of between 20% and 30% on a book value basis.

The consolidated capitalization of the company includes the capital and financial obligations of consolidated entities, including long-term property-specific financings, subsidiary borrowings, capital securities as well as common and preferred equity held by other investors in these entities. The capital in these entities is managed at the entity level with oversight by management of the company. The capital

is typically managed with the objective of maintaining investment-grade levels in most circumstances and is, except in limited and carefully managed circumstances, without any recourse to the company. Management of the company also takes into consideration capital requirements of consolidated and non-consolidated entities that it has interests in when considering the appropriate level of capital and liquidity on a deconsolidated basis.

The company is subject to limited covenants in respect of its corporate debt and is in full compliance with all such covenants as at December 31, 2009. The company and its consolidated entities are also in compliance with all covenants and other capital requirements related to regulatory or contractual obligations of material consequence to the company.

20. REVENUES LESS DIRECT OPERATING COSTS

Direct operating costs include all attributable expenses except interest, depreciation and amortization, taxes, other provisions and non-controlling interests in income. The details are as follows:

	2009			2008		
(MILLIONS)	**Revenue**	**Expenses**	**Net**	Revenue	Expenses	Net
Renewable power generation	**$ 1,156**	**$ 387**	**$ 769**	$ 1,286	$ 400	$ 886
Commercial properties	**2,918**	**1,192**	**1,726**	2,761	1,094	1,667
Infrastructure	**339**	**230**	**109**	455	259	196
Development activities	**1,965**	**1,636**	**329**	1,990	1,824	166
Special situations	**1,754**	**1,635**	**119**	2,090	1,786	304
Realization gains	**—**	**—**	**413**	—	—	164
	$ 8,132	**$ 5,080**	**$ 3,465**	$ 8,582	$ 5,363	$ 3,383

21. NON-CONTROLLING INTERESTS IN INCOME

Non-controlling interests of others in income is segregated into the non-controlling share of income before certain items and their share of those items, which include depreciation and amortization, income taxes and other provisions.

(MILLIONS)	**2009**	2008
Non-controlling interests' share of net income prior to the following	**$ 892**	$ 810
Non-controlling interests' share of depreciation and amortization, provisions and other, and future income taxes	**(673)**	(437)
Non-controlling interests in net income	**$ 219**	$ 373
Distributed as recurring dividends		
Preferred	**$ 4**	$ 2
Common	**235**	203
(Overdistributed)/undistributed	**(20)**	168
Non-controlling interests in net income	**$ 219**	$ 373

22. INCOME TAXES

(MILLIONS)	**2009**	2008
Current	**$ (4)**	$ (7)
Future	**24**	(461)
Current and future income tax expense/(recovery)	**$ 20**	$ (468)

Future income tax assets relate primarily to non-capital losses available to reduce taxable income which may arise in the future. The company and its Canadian subsidiaries have future income tax assets of $433 million (2008 – $215 million) that relate to non-capital losses which expire over the next 20 years, and $129 million (2008 – $82 million) that relate to capital losses which have no expiry date. The company's U.S. subsidiaries have future income tax assets of $165 million (2008 – $177 million) that relate to net operating losses which expire over the next 20 years. The company's international subsidiaries have future income tax assets of $273 million (2008 – $237 million) that relate to operating losses which generally have no expiry date. The benefit of these tax losses is reduced by $81 million (2008 – nil) for future tax liabilities that are expected to reverse at the same time. The amount of non-capital and capital losses and deductible

temporary differences for which no future income tax assets have been recognized is approximately $2,829 million (2008 – $2,887 million). The future income tax liabilities represent the cumulative amount of income tax payable on the differences between the book values and the tax values of the company's assets and liabilities at the rates expected to be effective at the time the differences are anticipated to reverse. The future income tax liabilities relate primarily to differences between book values and tax values of property, plant and equipment due to different depreciation rates for accounting and tax purposes. The future income tax assets and liabilities are recorded in accounts receivable and other and accounts payable and other liabilities on the balance sheet.

The following table reflects the company's effective tax rate at December 31, 2009 and 2008:

	2009	2008
Statutory income tax rate	**33%**	33%
Increase/(reduction) in rate resulting from		
Dividends subject to tax prior to receipt by the company	**(15)%**	(19)%
Portion of income not subject to tax	**(14)%**	(6)%
International operations subject to different tax rates	**(19)%**	(26)%
Change in tax rates on temporary differences	**5%**	(99)%
Recognition of future tax assets/(liabilities)	**(6)%**	7%
Foreign exchange gain and losses	**3%**	(27)%
Non-recognition of the benefit of current year's tax losses	**14%**	27%
Other	**3%**	13%
Effective income tax rate	**4%**	(97)%

23. JOINT VENTURES

The following amounts represent the company's proportionate interest in incorporated and unincorporated joint ventures that are reflected in the company's accounts:

(MILLIONS)	**2009**	2008
Assets	**$ 4,434**	$ 5,615
Liabilities	**2,292**	2,912
Operating revenues	**548**	693
Operating expenses	**376**	454
Net income	**35**	92
Cash flows from operating activities	**179**	104
Cash flows used in investing activities	**(35)**	(145)
Cash flow from financing activities	**4**	105

24. POST-EMPLOYMENT BENEFITS

The company offers pension and other post employment benefit plans to employees of certain of its subsidiaries. The company's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations. The benefit plans' income for 2009 was $15 million (2008 – expense of $13 million). The discount rate used was 6% (2008 – 6%) with an increase in the rate of compensation of 4% (2008 – 3%) and an investment rate of 8% (2008 – 7%).

(MILLIONS)	**2009**	2008
Plan assets	**$ 1,063**	$ 983
Less accrued benefit obligation:		
Defined benefit pension plan	**(1,186)**	(1,094)
Other post-employment benefits	**(34)**	(62)
Net liability	**(157)**	(173)
Less: Unamortized transitional obligations and net actuarial losses	**264**	291
Accrued benefit asset	**$ 107**	$ 118

25. SUPPLEMENTAL CASH FLOW INFORMATION

(MILLIONS)	2009	2008
Corporate borrowings		
Issuances	**$ 459**	$ 150
Repayments	**(20)**	(300)
Net commercial paper and bank borrowings (repaid)/issued	**(333)**	483
	$ 106	$ 333
Property-specific mortgages		
Issuances	**$ 2,465**	$ 4,830
Repayments	**(3,152)**	(5,968)
	$ (687)	$ (1,138)
Other debt of subsidiaries		
Issuances	**$ 1,302**	$ 1,169
Repayments	**(1,684)**	(1,553)
	$ (382)	$ (384)
Common shares		
Issuances	**$ 14**	$ 32
Repurchases	**(18)**	(281)
	$ (4)	$ (249)
Renewable power generation		
Proceeds of dispositions	**$ —**	$ —
Investments	**(195)**	(529)
	$ (195)	$ (529)
Commercial properties		
Proceeds of dispositions	**$ 33**	$ 768
Investments	**(662)**	(1,270)
	$ (629)	$ (502)
Infrastructure		
Proceeds of dispositions	**$ 314**	$ 613
Investments	**(1,220)**	(252)
	$ (906)	$ 361
Development activities		
Proceeds of dispositions	**$ 128**	$ 216
Investments	**(267)**	(340)
	$ (139)	$ (124)
Loans and notes receivable		
Loans collected	**$ 286**	$ 781
Loans advanced	**(136)**	(940)
	$ 150	$ (159)
Financial assets		
Securities sold	**$ 874**	$ 1,269
Securities purchased	**(1,132)**	(665)
	$ (258)	$ 604

Cash taxes paid were $5 million (2008 – $78 million) and are included in current income taxes. Cash interest paid totalled $1,867 million (2008 – $2,163 million). Sustaining capital expenditures in the company's renewable power generating operations were $70 million (2008 – $70 million), in its property operations were $49 million (2008 – $48 million) and in its infrastructure operations were $13 million (2008 – $9 million).

Included in cash and cash equivalents is $1,109 million (December 31, 2008 – $863 million) of cash and $266 million of short-term deposits at December 31, 2009 (December 31, 2008 – $379 million).

26. SEGMENTED INFORMATION

The company's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. The company has five reportable segments:

(a) renewable power generation operations, which are predominantly hydroelectric power generating facilities on river systems in North America and Brazil;

(b) commercial properties operations, which are principally commercial office properties, retail properties and commercial developments located primarily in major North American, Brazilian, and Australian and European cities;

(c) infrastructure operations, which are predominantly transportation, utilities and timberland operations located in Australia, North America, the United Kingdom and South America;

(d) development activities operations, which are principally residential development, opportunistic investing and homebuilding operations, located primarily in major North American, Brazilian and Australian cities; and

(e) special situations operations include the company's restructuring funds, real estate finance, bridge lending and other investments.

Non-operating assets and related revenues, cash flows and income are presented as cash and financial assets.

Revenue, net income (loss) and assets by reportable segments are as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**			2008		
	Revenue	**Net Income (Loss)**	**Assets**	Revenue	Net Income (Loss)	Assets
Asset management and other	**$ 1,691**	**$ 135**	**$ 2,603**	$ 2,149	$ 71	$ 2,212
Renewable power generation	**1,206**	**489**	**7,043**	1,286	328	6,473
Commercial properties	**2,967**	**95**	**27,718**	3,226	154	24,917
Infrastructure	**418**	**(8)**	**5,978**	613	33	4,413
Development activities	**1,962**	**(43)**	**9,756**	1,634	8	7,283
Special situations	**3,347**	**(179)**	**6,893**	3,387	86	6,131
Cash and financial assets	**491**	**(35)**	**1,911**	614	(31)	2,168
	$ 12,082	**$ 454**	**$ 61,902**	$ 12,909	$ 649	$ 53,597

Revenue and assets by geographic segments are as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	**2009**		2008	
	Revenue	**Assets**	Revenue	Assets
United States	**$ 5,774**	**$ 30,688**	$ 5,639	$ 28,203
Canada	**2,262**	**10,403**	3,005	10,757
Australia	**1,587**	**7,967**	1,826	6,031
Brazil	**1,345**	**9,249**	1,092	5,749
Europe	**716**	**3,093**	543	1,901
Other	**398**	**502**	804	956
	$ 12,082	**$ 61,902**	$ 12,909	$ 53,597

27. OTHER INFORMATION

(a) Commitments, Guarantees and Contingencies

In the normal course of business, the company and its subsidiaries enter into contractual obligations which include commitments to provide bridge financing, and letters of credit and guarantees provided in respect of power sales contracts and reinsurance obligations. At the end of 2009, the company and its subsidiaries had $1,285 million (2008 – $1,269 million) of such commitments outstanding of which $244 million (2008 – $211 million) is included in liabilities in the consolidated balance sheets.

In addition, the company and its consolidated subsidiaries execute agreements that provide for indemnifications and guarantees to third parties in transactions or dealings such as business dispositions, business acquisitions, sales of assets, provision of services, securitization agreements, and underwriting and agency agreements. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents the company from making a reasonable estimate of the maximum potential amount the company could be required to pay third parties, as in most cases the agreements do not 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. Neither the company nor its consolidated subsidiaries have made significant payments in the past nor do they expect at this time to make any significant payments under such indemnification agreements in the future.

The company periodically enters into joint venture, consortium or other arrangements that have contingent liquidity rights in favour of the company or its counterparties. These include buy-sell arrangements, registration rights and other customary arrangements. These agreements generally have embedded protective terms that mitigate the risk to us. The amount, timing and likelihood of any payments by the company under these arrangements is in most cases dependent on either further contingent events or circumstances applicable to the counterparty and therefore cannot be determined at this time.

The company and its subsidiaries are contingently liable with respect to litigation and claims that arise in the normal course of business.

The company has $2.5 billion of insurance for damage and business interruption costs sustained as a result of an act of terrorism. However, a terrorist act could have a material effect on the company's assets to the extent damages exceed the coverage.

The company, through its subsidiaries within the residential properties operations, is contingently liable for obligations of its associates in its land development joint ventures. In each case, all of the assets of the joint venture are available first for the purpose of satisfying these obligations, with the balance shared among the participants in accordance with predetermined joint venture arrangements.

(b) Insurance

The company conducts insurance operations as part of its asset management activities. As at December 31, 2009, the company held insurance assets of $717 million (2008 – $926 million) in respect of insurance contracts that are accounted for using the deposit method which were offset in each year by an equal amount of reserves and other liabilities. During 2009, net underwriting losses on reinsurance operations were $8 million (2008 – $18 million) representing $102 million (2008 – $363 million) of premium and other revenues offset by $110 million (2008 – $381 million) of reserves and other expenses.

FIVE-YEAR FINANCIAL REVIEW

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS; UNAUDITED)	**2009**	2008	2007	2006	2005
Per Common Share (fully diluted)					
Book value – Canadian GAAP	**$ 11.58**	$ 8.92	$ 11.64	$ 9.37	$ 7.87
Underlying value – adjusted IFRS basis [1]	**28.53**	26.56	—	—	—
Cash flow from operations	**2.43**	2.33	3.11	2.95	1.46
Net income	**0.71**	1.02	1.24	1.90	2.72
Market trading price – NYSE	**22.18**	15.27	35.67	32.12	22.37
Dividends paid	**0.52**	1.45[2]	0.47	0.39	0.26
Common shares outstanding					
Basic	**572.9**	572.6	583.6	581.8	579.6
Diluted	**607.8**	600.3	611.0	610.8	608.0
Total (millions)					
Total assets under management [1,3]	**$ 108,342**	$ 89,753	$ 94,340	$ 71,121	$ 49,700
Consolidated balance sheet assets	**61,902**	53,597	55,597	40,708	26,058
Corporate borrowings	**2,593**	2,284	2,048	1,507	1,620
Common equity – Canadian GAAP	**6,403**	4,911	6,644	5,395	4,514
Underlying value – adjusted IFRS basis [1]	**17,850**	16,369	—	—	—
Revenues	**12,082**	12,909	9,343	6,897	5,220
Operating income	**4,515**	4,616	4,356	3,653	2,214
Cash flow from operations	**1,450**	1,423	1,907	1,801	908
Net income	**454**	649	787	1,170	1,662

1. Reflects carrying values on a pre-tax basis prepared in accordance with procedures and assumptions expected to be utilized to prepare the company's IFRS financial statements, adjusted to reflect asset values not recognized under IFRS (see Management's Discussion and Analysis of financial results)

2. Includes Brookfield Infrastructure special dividend of $0.94 and regular dividends of $0.51 per share

3. Assets under management for 2005 through 2007 reflect the combination of fair values and Canadian GAAP carrying values

Exhibit 99.4

DIFFERENCES BETWEEN CANADIAN AND UNITED STATES OF AMERICA GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Canadian generally accepted accounting principles ("Canadian GAAP") differ in some respects from the principles that Brookfield Asset Management Inc. (the "company") would follow if its consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The impact of the accounting differences between Canadian GAAP and U.S. GAAP on the company's balance sheets at December 31, 2009 and 2008 and statements of income, retained earnings and comprehensive income (loss) for the years then ended are quantified and described in this exhibit. The additional disclosure contained within this document for years ended December 31, 2009 and 2008 should be read in conjunction with the company's financial statements as at and for the years ended December 31, 2009 and 2008 contained in the company's 2009 Annual Report as filed on Form 40-F. A copy of this Annual Report can be found on EDGAR at *www.sec.gov/edgar.html* and on the company's web site, *www.brookfield.com*, at *investor center/financial reports*.

(a) Income Statement Differences

The impact of the differences in accounting principles between the company's income statements and those prepared under U.S. GAAP are summarized in the following table:

(MILLIONS, EXCEPT PER SHARE AMOUNTS)	*Note*	***2009***	*2008*
Net Income as reported under Canadian GAAP		**$ 454**	$ 649
Add back: Non-controlling interests as reported under Canadian GAAP		**219**	373
		673	1,022
Adjustments:			
Commercial property income	*(i)*	**8**	(10)
Residential property income	*(ii)*	**(36)**	87
Hedge accounting	*(iii)*	**43**	(61)
Investment Company accounting	*(iv)*	**46**	(305)
Fair value election	*(v)*	**3**	25
Foreign exchange and dividends on convertible preferred shares	*(vi)*	**210**	(102)
Development costs	*(vii)*	**(1)**	(22)
Commercial property depreciation	*(viii)*	**8**	8
Ownership dilution	*(ix)*	**(294)**	—
Deferred income taxes	*(x)*	**5**	(61)
Other	*(xi)*	**20**	11
Net income under U.S. GAAP		**685**	592
Net income attributable to non-controlling interests	*(d)*	**298**	130
Net income attributable to the company	*(d)*	**387**	462
Preferred share dividends		**(43)**	(44)
Convertible preferred share dividends	*(vi)*	**(32)**	(31)
Net income available to common shareholders under U.S. GAAP		**$ 312**	$ 387
Per share amounts under U.S. GAAP	*(xii)*		
Basic earnings per share		**$ 0.55**	$ 0.67
Diluted earnings per share		**$ 0.54**	$ 0.65

(i) Commercial Property Income

Commercial property income adjustments in 2009 and 2008 are as follows:

(MILLIONS)	***2009***	*2008*
Lease termination income	**$ 17**	$ 18
Straight-line rental revenue	**(1)**	(4)
Reduction in a net investment in a foreign operation	**(8)**	(24)
	$ 8	$ (10)

The recognition of lease terminations and modifications income can differ between U.S. GAAP and Canadian GAAP, and resulted in an increase to commercial property income in 2009 of $17 million (2008 – $18 million) under U.S. GAAP due to earlier recognition of such amounts than under Canadian GAAP. The company adopted straight-line recognition of rental revenue for all its properties from January 1, 2004 onward under Canadian GAAP, thereby harmonizing this policy with U.S. GAAP. In 2009, the company recorded a decrease to commercial property income of $1 million (2008 – $4 million) to reflect the adjustment required if straight-line rental revenue had been recognized from the outset of the lease as opposed to January 1, 2004 onward.

In 2009, the company realized an $8 million (2008 – $24 million) foreign exchange gain resulting from a reduction of a net investment in one of the company's self-sustaining subsidiaries. Canadian GAAP allows for income recognition of foreign exchange gains on the reduction of a net investment, as opposed to recognition in other comprehensive income under U.S. GAAP until the investment is sold or is substantially or completely liquidated.

(ii) Residential Property Income

The company's revenue recognition policy for land sales requires, in part, that the significant risks and rewards of ownership have passed to the purchaser in certain jurisdictions prior to the recognition of revenue by the vendor. Land sales transactions substantially transfer the risks and rewards of ownership to the purchaser when both parties are bound to the terms of the sale agreement and possession passes to the purchaser. In certain instances, title may not have transferred. Transfer of title is a requirement for recognizing revenue under U.S. GAAP, whereas this is not required in all circumstances under Canadian GAAP. Accordingly, there is a decrease in residential development income of $36 million (2008 – $87 million increase) for U.S. GAAP purposes representing the reversal of amounts previously recognized in income under Canadian GAAP.

(iii) Hedge Accounting

Hedge accounting adjustments in 2009 and 2008 are as follows:

(MILLIONS)	***2009***	*2008*
Power sale contracts	**$ 31**	$ (63)
Foreign currency contracts	**12**	2
	$ 43	$ (61)

Hedge accounting differences are primarily related to power sales contracts and foreign exchange contracts. Canadian GAAP requires that certain power sale contracts that contain a net settlement provision be marked-to-market without a corresponding mark-to-market of the carrying value of the underlying power generating capacity. U.S. GAAP allows such contracts to be exempt from mark-to-market treatment if the contracts form part of the normal sales activities of the company. Under Canadian GAAP, the company recorded a $31 million loss (2008 – $63 million gain) on the mark-to-market of power sale contracts of this nature, which should not be recorded under U.S. GAAP.

The company recorded a $12 million gain (2008 – $2 million) on foreign currency derivatives that mitigate the foreign currency exposure of an anticipated business combination. Canadian GAAP allows qualified cash flow hedges of foreign currency risk exposures of an anticipated business combination to be recorded in other comprehensive income, as opposed to net income under U.S. GAAP.

(iv) Investment Company Accounting

Under U.S. GAAP, the company is required to retain Investment Company Accounting to the extent it is utilized by a subsidiary which it consolidates. Certain of the company's subsidiaries use this specialized basis of accounting, and accordingly, the investments subject to it are recorded at fair value. Under Canadian GAAP, these subsidiaries record investments at historic cost. The pre-tax fair value revaluation under U.S. GAAP resulted in an increase to net income of $46 million (2008 – $305 million decrease).

(v) Fair Value Election

On January 1, 2008, the company elected to record its interests in Chilean and Brazilian transmission operations and Australian property funds at fair value under U.S. GAAP with changes in value recorded in net income. The pre-tax fair value adjustment at December 31, 2009 as a result of the fair value election was a gain of $3 million (2008 – $25 million).

(vi) Foreign Exchange and Dividends on Convertible Preferred Shares

Canadian GAAP requires that the company's preferred share obligations that could be settled with a variable number of the company's common equity be classified as liabilities and corresponding distributions as interest expense for Canadian GAAP, whereas under U.S. GAAP, they are classified as mezzanine equity with corresponding distributions classified as dividends. Under Canadian GAAP, these preferred share liabilities are converted into the company's functional currency at current rates. Under U.S. GAAP, these preferred shares are converted into the company's functional currency at historical rates. As a result, the company has recorded the following adjustments to reconcile to U.S. GAAP:

(MILLIONS)	2009	2008
Preferred share dividends classified as interest expense for Canadian GAAP	**$ 85**	$ 94
Revaluation of preferred shares at historical foreign exchange rates	**125**	(196)
	$ 210	$ (102)

Convertible preferred share dividends paid by the company, as opposed to payments made by its subsidiaries, of $32 million (2008 – $31 million) constitute a reconciling item for purposes of determining net income available to common shareholders under U.S. GAAP.

(vii) Development Costs
Development costs include $1 million of direct expenses (2008 – $22 million) which are deferred and amortized under Canadian GAAP and expensed under U.S. GAAP.

(viii) Commercial Property Depreciation
Straight-line depreciation was adopted by the company from January 1, 2004 onward which effectively harmonized Canadian GAAP with U.S. GAAP. In 2009, the company recorded an increase to U.S. GAAP net income of $8 million (2008 – $8 million) to reflect the adjustment required if straight-line depreciation had been recognized from the outset as opposed to January 1, 2004 onward.

(ix) Ownership Dilution
Effective January 1, 2009, U.S. GAAP requires that gains or losses arising from decreases in ownership of subsidiaries, when control is retained after the change in ownership, are recorded in equity as additional paid-in capital, until the investment is sold or the company ceases to exercise control over the subsidiary. Canadian GAAP recognizes dilution gains or losses in net income, consistent with the underlying economics of the transfer of interests. During 2009, the company diluted its ownership interest in certain of its consolidated subsidiaries, and recorded realization gains of $294 million under Canadian GAAP, which are reclassified to equity for U.S. GAAP purposes until a full sale or change in control occurs.

(x) Deferred Income Taxes
The difference in the deferred income tax provision includes the tax effect of the income statement adjustments under U.S. GAAP and uncertain income tax positions. Also, under Canadian GAAP the tax rates applied to temporary differences and losses carried forward are those which are substantively enacted. Under U.S. GAAP, tax rates are applied to temporary differences and losses carried forward only when they are enacted which resulted in a $nil (2008 – $nil) impact to net income.

(xi) Other
Other adjustments for differences between Canadian and U.S. GAAP include $8 million of income (2008 – $24 million) related to capitalized interest on certain development projects which are expensed under Canadian GAAP and deferred and amortized under U.S. GAAP and $14 million of income (2008 – $1 million of expense) related to differences from the company's operations in Brazil and its other investments.

Other adjustments also include a $2 million expense (2008 – $12 million) related to the company's stock based compensation plan for a one-time payment. Under Canadian GAAP, payments with the intention to make whole the holder of an award are not considered modifications to the plan; however, under U.S. GAAP these payments are modifications and are expressed as incurred.

(xii) Per Share Amounts
The company's current policy is to redeem the Preferred Shares Series 10, 11, 12, and 21 through the payment of cash in the event that holders of Preferred Shares exercise their conversion option. As a result, the impact of the conversion option of these Preferred Shares has been excluded from the company's diluted EPS calculation under U.S. GAAP. However, the company is not legally obliged to redeem these Preferred Shares for cash and reserves the right to settle the conversion option in Class A common shares.

(b) Comprehensive Income (Loss)

The impact of the differences in accounting principles between the company's statements of other comprehensive income (loss) under Canadian GAAP and under U.S. GAAP are as follows:

(MILLIONS)	*Note*	***2009***	*2008*
Other comprehensive income (loss) – Canadian GAAP		**$ 1,375**	$ (1,215)
Add back: non-controlling interests as reported under Canadian GAAP		**124**	(210)
		1,499	(1,425)
Adjustments:			
Market value adjustments	*(i)*	**(79)**	72
Additional pension asset	*(ii)*	**(30)**	(60)
Foreign currency translation	*(iii)*	**109**	(72)
Income taxes on above noted adjustments		**—**	(15)
Other comprehensive income (loss) under U.S. GAAP		**1,499**	(1,500)
Other comprehensive income (loss) attributable to non-controlling interests		**156**	(233)
Other comprehensive income (loss) attributable to the company		**$ 1,343**	$ (1,267)

(i) Market Value Adjustments

Market value adjustments in other comprehensive income (loss) in 2009 and 2008 are as follows:

(MILLIONS)	***2009***	*2008*
Hedge accounting	**$ (12)**	$ (2)
Investment company accounting	**(67)**	74
Market value adjustments	**$ (79)**	$ 72

Hedge accounting adjustments include the impact of certain cash flow hedges of anticipated business combinations. Canadian GAAP allows the effective portion of cash flow hedges of foreign currency risk exposures of an anticipated business combination to be recorded in other comprehensive income. However, under U.S. GAAP, cash flow hedges of an anticipated business combination are recorded in net income at fair value.

Investment Company Accounting adjustments are a result of the continuation of investment company accounting under U.S. GAAP, as noted in subsection (a) (iv). Under Canadian GAAP these investments are accounted for using either full consolidation or equity method accounting. Accordingly, under U.S. GAAP, other comprehensive income that was recognized under Canadian GAAP is reclassified to net income for U.S. GAAP purposes.

(ii) Additional Pension Asset

U.S. GAAP requires the overfunded or underfunded status of a defined benefit post retirement pension plan to be reflected in the consolidated balance sheet with an offsetting adjustment to other comprehensive income. The company has reflected this adjustment including its proportionate share of adjustments recorded by equity accounted investees and consolidated subsidiaries.

(iii) Foreign Currency Translation Adjustments

Canadian and U.S. GAAP require that the change in the cumulative translation adjustment account be recorded in other comprehensive income. The resulting changes in foreign currency translation under U.S. GAAP are result of the foreign currency translation of U.S. GAAP carrying values of assets, which can differ from Canadian GAAP based on the impact of other U.S. GAAP adjustments.

As a result of the above adjustments, the components of comprehensive income (loss) under U.S. GAAP are as follows:

(MILLIONS)	***2009***	*2008*
Net income under U.S. GAAP	**$ 685**	$ 592
Market value adjustments	**227**	(387)
Additional pension asset	**(30)**	(60)
Foreign currency translation	**1,308**	(913)
Taxes on above noted adjustments	**(6)**	(140)
Other comprehensive income (loss)	**1,499**	(1,500)
Comprehensive income (loss)	**2,184**	(908)
Comprehensive income (loss) attributable to non-controlling interests	**454**	(103)
Comprehensive income (loss) attributable to the company	**$1,730**	$ (805)

(c) Balance Sheet Differences

The incorporation of the significant differences in accounting principles under Canadian GAAP and U.S. GAAP would result in the following presentation of the company's balance sheets:

(MILLIONS)	*Note*	***2009***	*2008*
Assets			
Cash and cash equivalents		**$ 1,236**	$ 1,172
Accounts receivable and other	*(i)*	**8,398**	6,829
Intangible assets		**1,391**	1,614
Goodwill		**1,561**	1,275
Financial assets		**3,122**	2,187
Loans and notes receivable		**1,779**	2,070
Property, plant and equipment	*(ii), (iii)*	**40,053**	35,759
Equity accounted investments	*(iv)*	**1,827**	914
Total assets under U.S. GAAP		**$59,367**	$51,820
Liabilities			
Corporate borrowings		**$ 2,593**	$ 2,284
Property-specific mortgages		**25,311**	23,198
Other debt of subsidiaries		**3,778**	3,648
Accounts payable and other		**8,770**	8,198
Intangible liabilities		**741**	891
Capital securities		**478**	476
Equity			
Non-controlling interests		**9,845**	7,169
Preferred equity		**1,144**	870
Common equity	*(v)*	**6,707**	5,086
Total liabilities and equity under U.S. GAAP		**$59,367**	$51,820

Under U.S. GAAP, the company retains the specialized basis of accounting utilized by certain subsidiaries which it consolidates. Certain of the company's subsidiaries use Investment Company Accounting and accordingly record investments at fair value. Under Canadian GAAP, these investments are accounted for using either full consolidation or equity method accounting. As a result, the U.S. GAAP Balance Sheet reflects these investments on a deconsolidated basis at fair value, in addition to the impact of the aforementioned net income adjustments.

Certain prior year amounts have been reclassified to conform to the current year's presentation in conformity with Canadian GAAP.

The significant differences between Canadian GAAP and U.S. GAAP are as follows:

(i) Deferred Income Taxes

The deferred income tax asset (liability) under U.S. GAAP is included in accounts receivable (payable) and other and is calculated as follows:

(MILLIONS)	2009	2008
Tax assets related to operating and capital losses	**$ 1,199**	$ 990
Tax liabilities related to differences in tax and book basis	**(1,420)**	(1,232)
Valuation allowance	**(280)**	(280)
Deferred income tax liability under U.S. GAAP	**$ (501)**	$ (522)

(ii) Joint Ventures
Under U.S. GAAP, proportionate consolidation of investments in joint ventures is generally not permitted. Under rules for foreign private issuers promulgated by the United States Securities and Exchange Commission ("SEC"), the company has continued to follow the proportionate consolidation method for investments that would otherwise be equity accounted for under U.S. GAAP.

(iii) Investment Company Accounting
Included in property plant and equipment are investments held by certain of the company's subsidiaries which follow Investment Company Accounting. These investments are recorded at fair value under U.S. GAAP, whereas in Canadian GAAP they are accounted for using either full consolidation or equity method accounting.

(iv) Equity Accounted Investments
The company's equity accounted investments under U.S. GAAP include Prime Infrastructure, Dalrymple Bay Coal Terminal ("DBCT") ,Chilean transmission operations, Australian property funds, and other real estate and business services. During 2009, the company acquired a 40% interest in Prime Infrastructure and a direct 49% interest in DBCT.

The investments have been adjusted to reflect the cumulative impact of calculating equity accounted earnings and other items described in the table below under U.S. GAAP as follows:

(MILLIONS)	2009	2008
Equity accounted investments under Canadian GAAP	**$ 1,924**	$ 890
Reclassification from financial assets and accounts receivable and other	**(28)**	28
Accumulated other comprehensive loss	**(61)**	(20)
Equity accounted (loss) income	**(8)**	16
Equity accounted investments under U.S. GAAP	**$ 1,827**	$ 914

(v) Common Equity
The components of common equity under U.S. GAAP are as follows:

(MILLIONS)	2009	2008
Common shares	**$ 1,305**	$ 1,295
Additional paid in capital	**480**	195
Accumulated other comprehensive income (loss)	**509**	(834)
Retained earnings	**4,413**	4,430
Common equity under U.S. GAAP	**$ 6,707**	$ 5,086

(d) Change in accounting policies
(i) FASB ASC Subtopic 805-10, "Business Combinations" and FASB ASC Subtopic 810-10, "Consolidation"
As of January 1, 2009, the company was required to adopt FASB ASC Subtopic 805-10, " *Business Combinations*" ("ASC 805-10") and FASB ASC Subtopic 810-10, *"Consolidation"* ("ASC 810-10"). ASC 805-10 changes how business acquisitions are accounted for and impacts the accounting for future business combinations both on the acquisition date and in subsequent periods. ASC 810-10 changes the accounting and reporting for minority interests, which are re-characterized as non-controlling interests and classified as a component of equity. The resulting changes to presentation and disclosure requirements have been reflected herein.

(ii) FASB ASC Subtopic 825-10, "Financial Instruments"
On April 9, 2009, the FASB issued FASB ASC Subtopic 825-10, " *Financial Instruments*" ("ASC 825-10") that expands the fair value disclosures required for all financial instruments within the scope of ASC 825-10 to interim periods for publicly traded entities. ASC 825-10 also requires entities to disclose method and significant assumptions used to estimate the fair value of financial instruments in financial statements on an interim basis and to highlight any changes of the methods and significant assumptions from prior periods. ASC 825-10 is applicable to interim or annual periods ending after June 15, 2009. The disclosures required by ASC 825-10 are incorporated in the company's consolidated financial statements.

(iii) FASB ASC Subtopic 855-10, "Subsequent Events"
On May 28, 2009, the FASB issued FASB ASC Subtopic 855-10, " *Subsequent Events*" ("ASC 855-10"), which provides guidance on the assessment and disclosure of subsequent events. ASC 855-10 represents the inclusion of guidance on subsequent events in the accounting literature which was historically included in US auditing literature. The new standard

clarifies that management must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued or are available to be issued. ASC 855-10 is effective prospectively for interim or annual financial periods ending after June 15, 2009.

(e) Future accounting policy changes

SFAS No. 167, Amendments to FASB Interpretation No. 46(R)

On June 12, 2009, the FASB issued SFAS No. 167, " *Amendments to FAS Interpretation No. 46(R)* " ("SFAS 167"), which amends the consolidation guidance for variable interest entities in FASB Interpretation No. 46(R), "*Consolidation of Variable Interest Entities* " ("FIN 46(R)"). Under SFAS 167, the primary beneficiary of a variable interest entity ("VIE") is the enterprise that has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. SFAS 167 also amends scope exemptions, provides guidance for identifying the primary beneficiary where power to direct the activities of a VIE is shared, restricts instances where rights to kick-out a decision maker are considered in determining whether an entity is a VIE and amends guidance on when an enterprise reconsiders whether it is the primary beneficiary of a VIE or whether an entity it is involved in is a VIE. SFAS 167 is effective as of the beginning of the first fiscal year that begins after November 15, 2009. Early adoption is prohibited.

Exhibit 99.5

Brookfield

Code of Business Conduct and Ethics

Brookfield Asset Management Inc.

August 2009

CODE OF BUSINESS CONDUCT AND ETHICS

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CODE OF BUSINESS CONDUCT AND ETHICS

To all Directors, Officers and Employees of Brookfield Asset Management Inc.

This Code of Business Conduct and Ethics (the "Code") applies to the directors, officers and employees of Brookfield Asset Management Inc. and all of its subsidiaries that are not publicly traded entities (collectively, "we", "us", "our" or the "company"). Codes of conduct of non-publicly traded subsidiaries of Brookfield Asset Management Inc. may coexist with the Code; so long as the provisions of such codes do not conflict with the Code.

It has always been our policy that all of our activities should be conducted with the highest standards of honesty and integrity and in compliance with all legal and regulatory requirements. In varying degrees, as a director, officer or employee of the company, you represent us in your dealings with others, whether they be other employees, customers, suppliers, competitors, governments or the general public. In addition, all directors, officers and employees of the company must always observe their fiduciary duties when dealing with investment management clients or related activities. In this regard, you must avoid engaging in any activity that could result in an actual, potential or perceived conflict of interest, and avoid any action that may be perceived as a breach of trust.

We expect each of you as directors, officers and employees to conduct your dealings on behalf of the company in accordance with this policy. So that there can be no doubt as to what is expected of each of you in this regard, the Board of Directors of the company (the "Board") has endorsed this Code, which is to be followed by each of our directors, officers and employees.

SUMMARY OF THE CODE

As a director, officer or employee, when acting on behalf of the company you are expected to:

1. Protect the company's assets, and use them properly and with care for the benefit of the company, and not for personal use.
2. Use e-mail, the internet, telephone and other forms of communication provided by the company appropriately, which means primarily for business-related purposes.
3. Not speak on behalf of the company unless authorized to do so.
4. Avoid situations in which your personal interests conflict or might conflict with the interests of the company.
5. Always observe your fiduciary duties when dealing with investment management clients or related activities.
6. In the case of officers and employees of the company, obtain permission before joining the board of directors of another company.

7. Not take personal opportunities discovered by using property of the company or in your role with the company.
8. Protect the confidentiality of the company's "non-public information".
9. Help ensure that the company's books and records are complete and accurate.
10. Help ensure that the company provides accurate and fair public disclosure.
11. Investigate and report any accounting, auditing or disclosure concerns.
12. Be committed to the prevention of workplace discrimination and harassment.
13. Be committed to ensuring the health and safety of fellow employees, officers and directors.
14. Know and comply with all laws, rules and regulations applicable to your position.
15. Not trade in the company's securities or any other company's securities if you possess material "non-public information".
16. Deal fairly with the company's customers, suppliers and competitors.
17. Not offer gifts or other benefits to persons, including public officials and political parties, that might influence or be perceived as influencing a business decision.
18. Not accept expensive gifts or other benefits from persons doing or seeking to do business with the company.
19. Not incur unreasonable costs for permitted staff meals and pre-approved department entertainment.

EXPLANATION OF THE CODE

The Code prescribes the minimum moral and ethical standards of conduct required of all the company's directors, officers and employees. Violations of the Code can have severe consequences and will result in the appropriate discipline being taken, up to and including discharge where warranted by the circumstances.

An explanation of each of the rules is set forth below. If you have questions regarding the application of any rule or about the best course of action in a particular situation, you should seek guidance from your supervisor. The company's Chief Executive Officer, senior financial officers and directors should seek guidance from the company's Chairman who shall consult, as appropriate, with the Chairperson of the Governance and Nominating Committee of the Board.

BUSINESS ETHICS AND PRACTICES

PROTECTING THE COMPANY'S ASSETS AND RESOURCES

Company assets are to be used only for the purposes of fulfilling your corporate responsibilities.

The company's assets are meant for business use, not for personal use. We all have a responsibility to protect and safeguard the company's assets from loss, theft, misuse and waste.

The company's property should never be used for personal gain, and you should not allow the company's property to be used for illegal activities. If you become aware of theft, misuse or waste of our assets or funds or have any questions about your proper use of them, you should speak with your supervisor. However, if you feel uncomfortable approaching your supervisor with your concern, you may contact the company's Chief Internal Auditor.

Misappropriation of the company's assets is a breach of your duty to the company and may be an act of fraud against the company. Taking the company's property from our facilities without permission may be regarded as theft and could result in dismissal. In addition, carelessness or waste of the company's assets may also be a breach of your duty to the company and could result in dismissal.

The company's assets include all memos, notes, lists, records and other documents (and copies of each of these) that you make or compile relating to the company's business. All of these are to be delivered to the company promptly after your employment ceases, or at any time that the company requests.

POLICY REGARDING E-MAIL, THE INTERNET, TELEPHONES AND OTHER FORMS OF COMMUNICATION

Use the company's various forms of communication properly and appropriately.

We provide our employees with access to e-mail, the internet, telephones and other forms of communication for business purposes, and while we understand the need for limited and occasional use of these tools for personal purposes, this use should not be excessive or cause detriment to the company. Internet use must be conducted in a professional manner. For example, accessing internet sites containing obscene or offensive material, or sending e-mails that are derogatory or harassing to another person or group of people or chain e-mails, is inappropriate. In addition, employees must be vigilant to ensure that the network security is maintained through the appropriate use of passwords.

RESPONDING TO MEDIA, PUBLIC AND OTHER INQUIRIES AND OTHER PUBLIC FORUMS FOR DISCLOSURE

As a public company it is important to ensure our communications to the investing public are: a) timely, factual and accurate; and b) consistent and broadly disseminated in accordance with all applicable legal and regulatory requirements.

When we provide information on the company's operational strategies, financial results or other material information, we must ensure the information is accurate and that it is an appropriate time to "go public" with that information. These are legal obligations governed by securities regulators and stock exchanges in Canada and the U.S. and there are serious consequences for improper disclosure.

As a result, there are significant implications for how we respond to enquiries from the media, financial analysts, securities regulators or stock exchanges and how we present the company publicly at events and conferences. Our Corporate Disclosure Policy and Disclosure Procedures provide detailed guidelines for communicating with the public and are available on our website at: *www.brookfield.com*, under *Corporate Info / Conduct Guidelines*. Specific disclosure rules that all employees are expected to follow are summarized on the following page.

Material information

Employees may be in possession of material information relating to the business and affairs of the company that would reasonably be expected to result in a significant change in the market price or value of the company's securities, or that would reasonably be expected to have significant influence on a reasonable investor's investment decisions ("Material Information"). Quarterly and annual financial information, significant acquisitions and dispositions, changes in business and operations are examples of Material Information. Employees are prohibited from disclosing *any* Material Information outside the company except to company advisors who need to know the Material Information and who are required to keep it confidential in accordance with confidentiality obligations. Particular care should be taken in responding to enquiries from outside the company, speaking in public or communicating in other public forums to ensure that Material Information is not selectively disclosed, as outlined below.

Employees who become aware of information or company developments that appear to be material must immediately disclose that information to their immediate supervisor or the head of the business unit, who will in turn notify a member of our Disclosure Committee. In addition, if previously undisclosed Material Information has been inadvertently disclosed to any person not bound by a confidentiality obligation, this information must be broadly disclosed via a press release. In this situation, employees should advise their immediate supervisor or business unit head. Appendix A of the company's Corporate Disclosure Policy sets out a detailed list of what constitutes Material Information.

Media, financial, regulatory and stock exchange enquiries

Do not speak on behalf of the company unless authorized to do so. We have professionals who are trained and qualified as spokespersons to release information to the public, and corporate legal counsel who are authorized to communicate with regulators and stock exchanges. If you receive a request from outside the company to speak on its behalf, and you are not authorized to do so, refer the request to the head of your business unit or forward the request to the Senior Vice President, Investor Relations and Communications.

Participation in conferences and industry events

Employees who participate as speakers at conferences, industry events and other public forums must exercise extreme caution to ensure that what they present or say in response to questions is not material or selective disclosure. Approval for speaking engagements should be sought from your unit head prior to participating in a conference or other industry event. If previously

undisclosed Material Information has been inadvertently disclosed in a public forum, this information must be broadly disclosed immediately via a press release. If you think this may have occurred, you should contact the Senior Vice-President, Investor Relations and Communications or the head of your business unit who will notify a member of the Disclosure Committee.

Chat rooms

Employees are prohibited from participating in investment-related chat rooms and other chat rooms in which the company and its business are or could be topics of conversation.

CONFLICTS OF INTEREST, FIDUCIARY DUTIES AND PERSONAL BEHAVIOUR

Avoid situations in which your personal interests conflict, might conflict or might appear to conflict with the interests of the company .

As an employee, officer or a director, we expect that you will act honestly and ethically and in the best interests of the company by avoiding conflicts of interest in your personal and professional relationships. While we respect your right to manage your personal affairs and investments and we do not wish to intrude on your personal life, employees should place the company's interest in any business transaction ahead of any personal interest or gain – officers and employees are also required to act in compliance with the company's Personal Trading Policy.

As an employee, officer or director, you may have a conflict of interest if you are involved in any activity that prevents you from performing your duties to the company properly, or that may create a situation that would affect your judgment or ability to act in the best interests of the company. For example, no employee should have a significant interest in a business, whether directly, through a family member or personal acquaintance, that supplies goods or services to, or secures goods or services from, the company, without receiving approval of his or her supervisor. Directors should refer to the company's Charter of Director Expectations for guidance on potential conflict of interest situations.

To avoid conflicts of interest, you should identify potential conflicts when they arise and notify your supervisor if you are unsure whether a relationship or transaction poses a conflict or appears to pose a conflict. Your supervisor will be able to clear or resolve certain conflicts, or will be able to contact someone else who can. Directors should consult with the Chairman of the Board.

Always observe your fiduciary duties to investment management clients.

You must always observe your fiduciary duties when dealing with investment management clients or related activities. In this regard, you must avoid engaging in any activity that could result in an actual, potential or perceived conflict of interest, and avoid any action that may be perceived as a breach of trust. In particular, care and advice must be sought from senior management in respect of the allocation of investment opportunities.

Your personal behaviour, both inside and outside of work, should be consistent with and reinforce a positive public image of the company.

Your personal behaviour should be consistent with and reinforce a positive public image of the company. It is essential that you consider how all of your actions, both inside and outside the company, might appear and that you use good judgment in all your personal and business dealings outside your role with the company. You should refrain from activities at work and outside of work that could hurt the company's reputation or good name and that could undermine the relationship of trust between you and the company. Employees who have acted in a manner that is unbecoming, that could adversely affect the company's reputation or good name and that compromises the relationship of trust between the company and the employee may be disciplined up to and including termination by the company in its discretion.

BOARD SEATS ON OTHER COMPANIES

If you are an officer or employee of the company, obtain permission before you join the board of directors of another company.

Serving as a director of another company, even one in which the company has an interest, may create a conflict of interest. Being a director or serving on a standing committee of some organizations, including government agencies, may also create a conflict.

Before accepting an appointment to the board or a committee of any organization, officers and employees must receive written approval from the company's Chairman.

Officers and employees are permitted, however, to serve on boards of charities or non-profit organizations or in private family businesses that have no relation to the company and its businesses. Prior approval is not required for these types of situations. If you hold a position with a charity or non-profit organization and if you speak publicly for the entity, you should ensure that you are seen as speaking on behalf of the entity or as an individual, and not on behalf of the company.

CORPORATE OPPORTUNITIES

Do not take personal opportunities that are discovered through the use of property or information of the company or through your role with the company.

As an employee, officer or director, you are prohibited from taking for yourself opportunities that you discover through the use of the company's property, information or position; from using company property, information or position for personal gain; and from competing with the company.

CONFIDENTIAL INFORMATION

Protect the confidentiality of "non-public information" concerning the company.

Information is considered to be public if it has been disclosed in an annual report, annual information form, management information circular, press release, interim report, supplemental

information or on the publicly accessible areas of the company's web site. "Non-public information" is information that is not generally available to the investing public through a press release, disclosure to shareholders or widely reported media coverage. The circulation of rumors, or "talk on the street", even if accurate, is not considered public disclosure. The most common example of "material non-public information" is information about earnings or financial performance that has not yet been publicly disclosed.

Except where it is authorized or legally required, all directors, officers and employees must keep confidential, and not use for themselves or other persons including relatives or friends, all information concerning the company or its business that is not generally available to the investing public.

The obligation to keep certain information confidential applies both during appointment or employment with the company, and after termination of appointment, or employment, including on retirement.

Please also refer to the guidelines for responding to enquiries and participating in public forums, set out on page 3 of this Code.

Protect the confidentiality of "non-public information" about customers, clients, investees and others.

We also respect confidentiality of information regarding other companies clients and investees. If you learn of confidential information about another company client or investee in the course of your position, you should protect it the same way that you would protect confidential information about our company. Data protection and privacy laws that affect the collection, use and transfer of personal customer, client and investee information are rapidly changing areas of law, and you should consult with your supervisor if you have any questions regarding appropriate uses of such information.

Disclosure of confidential information can be harmful to the company and could be the basis for legal action against the company and/or the employee, officer or director responsible for the disclosure. For more information, you should refer to the company's Corporate Disclosure Policy and Disclosure Procedures.

ACCURACY OF BOOKS AND RECORDS

Ensure that the books and records of the company are complete and accurate.

The books and records of the company must reflect in reasonable detail all its transactions in a timely and accurate manner in order to, among other things, permit the preparation of accurate financial statements in accordance with generally accepted accounting principles. All assets and liabilities of the company must be recorded as necessary to maintain accountability for them.

All business transactions must be properly authorized. All transactions must be supported by accurate documentation in reasonable detail and recorded properly. The recorded value for assets must be compared to the existing assets at reasonable intervals and appropriate action taken with respect to any differences.

No information may be concealed from the auditors, the internal audit function, the Audit Committee or the Board.

In addition, it is unlawful to fraudulently influence, coerce, manipulate or mislead any independent public or certified accountant who is auditing our financial statements.

ACCOUNTING, AUDITING OR DISCLOSURE CONCERNS

Provide accurate and fair public disclosure.

We are required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Ontario Securities Commission (OSC) and other Canadian securities regulators, the United States Securities and Exchange Commission (SEC), the Toronto Stock Exchange (TSX), the New York Stock Exchange (NYSE) and NYSE Euronext, as well as in other public communications made by the company. All employees who are responsible for the preparation of the company's public disclosures, or who provide information as part of the process, have a responsibility to ensure that disclosures and information are made honestly, accurately and in compliance with the company's disclosure controls and procedures.

We all have a responsibility to report to our supervisor, or in accordance with the Reports and Complaints section of this Code, good faith questions and concerns regarding accounting, auditing or disclosure matters. Complaints and concerns related to such matters include, among others, actions involving:

(a) fraud or deliberate errors in the preparation, maintenance, evaluation, review or audit of any financial statement or financial record;

(b) deficiencies in, or noncompliance with, internal accounting controls;

(c) misrepresentation or false statements to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports; or

(d) deviations from full and fair reporting of the company's financial condition.

WORK ENVIRONMENT

DISCRIMINATION AND HARASSMENT-FREE ENVIRONMENT

The company has zero tolerance for workplace discrimination and harassment, and all directors, officers and employees must be committed to preventing an inhospitable work environment.

The company is committed to providing a work environment in which all individuals are treated with respect and dignity. The company will not tolerate discrimination or harassment in any form.

All directors, officers and employees are expected to contribute to ensuring a safe and respectful environment, free from discrimination and harassment where high value is placed on

equity, fairness and dignity. Complaints of discrimination or harassment will be taken seriously and will be investigated. Any employee found to be harassing or discriminating against another individual, or any employee who knowingly condones the discrimination or harassment of another individual, will be subject to disciplinary action up to and including termination.

Discrimination is the denial of opportunity, through differential treatment of an individual or group. It does not matter whether or not discrimination is intentional; it is the effect of the behaviour that is important.

Harassment is a form of discrimination which involves unwelcome and offensive comments, conduct, gestures or contact based on or related to prohibited grounds covered by human rights legislation. Harassment occurs when the behaviour concerned is likely to be offensive, embarrassing or humiliating; might, on reasonable grounds, be perceived as placing a condition on employment, its terms or continued employment; and/or has the purpose or effect of interfering with an individual's work performance or creating an intimidating, threatening, hostile or offensive work environment. Harassment may occur in a variety of ways and may, in some circumstances, be unintentional. Regardless of intent, such conduct is not acceptable and may also constitute a violation of human rights legislation. Harassment covers a wide range of conduct, including, for example, display of material that may be considered offensive or derogatory; embarrassing, humiliating or improper remarks, suggestions or jokes; leering or other suggestive or obscene gestures; practical jokes which cause awkwardness or embarrassment, endanger a person's safety or negatively affect performance; innuendoes or taunts; physical force or unwanted physical contact; unwanted sexual flirtations, advances, requests or invitations; verbal abuse or threats; bullying; and physical or sexual assault.

Prohibited grounds of discrimination or harassment include, but are not limited to: race, gender, sexual orientation, colour, national or ethnic origin, religion, marital status, family status, citizenship status, veteran status, age, ancestry, pregnancy or disability.

No officer or employee may harass another employee, customer, vendor, supplier, visitor or any other person on the company's premises or while doing its business regardless of location.

SAFE WORKING CONDITIONS

We are committed to ensuring the health and safety of our employees.

We all have the right to work in an environment that is safe and healthy. In this regard, you must:

(a) comply strictly with the letter and spirit of applicable occupational, health and safety laws and the public policies they represent;

(b) follow work instructions or procedures on health and safety laws;

(c) not engage in illegal or dangerous behaviors; and

(d) not possess or use weapons or firearms or any type of combustible materials in the company's facilities or at the company-sponsored functions unless you are authorized by the company or the law to do so.

The company has zero tolerance for acts of violence, threats of violence, acts of intimidation and hostility towards another person or group of persons. Promptly report to your supervisor or in accordance with the Reports and Complaints section of this Code, any accident, injury or unsafe equipment, practices or conditions, violent behavior or weapons possession.

LEGAL AND REGULATORY COMPLIANCE

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Know and comply with all laws, rules and regulations applicable to your position.

Many of the company's activities are subject to complex and changing laws, rules and regulations. Ignorance of the law is not, in general, a defense to an action for contravention. We expect directors, officers and employees to make every reasonable effort to become familiar with laws, rules and regulations affecting their activities and to exert due diligence in complying with these laws, rules and regulations and, to ensure that those individuals reporting to them are also aware of these laws, rules and regulations. Our objective is to restrict willful or negligent violations of these laws, rules and regulations.

We will make information concerning applicable laws, rules and regulations available to directors, officers and employees. If there is any real or apparent conflict between this Code and company policies or any applicable laws, rules or regulations, you should comply with the most restrictive requirement. If you have any doubts as to the applicability of any law, you should refer the matter to your supervisor who may obtain advice from the company's internal legal counsel.

The company's policy is to meet or exceed all applicable governmental requirements regarding its activities. As an officer or employee, you must be aware of the applicable governmental requirements and report any violations thereof to your supervisors or in accordance with the Reports and Complaints section of this Code. Similarly, no director, officer or employee may enter into any arrangement contrary to applicable requirements or laws.

SECURITIES LAWS AND INSIDER TRADING

Do not trade in the company securities if you possess material "non-public information" or during a blackout period if it applies to you. If you have material information about a company with which the company does business that is not known to the investing public, you should not buy or sell securities of that company until after the information has become public.

Information about the company is "material":

(a) if publicly known, results in or would reasonably be expected to result in a significant change in the market price or value of any the company securities; or

(b) if there is a substantial likelihood that a reasonable shareholder or investor would consider it important in making a decision to buy, sell or hold the company securities.

If you are not sure whether information is material or "non-public", consult with the company's internal legal counsel for guidance before engaging in any transaction in the company securities.

You are also prohibited from disclosing material "non-public information" about the company to other people, such as relatives or friends, who may trade on the basis of the information. Securities laws also prohibit trades made on the basis of these "tips". In addition, you should not trade in puts and calls relating to the company securities.

For more information on insider trading, please refer to the company's Corporate Disclosure Policy, Disclosure Procedures and Personal Trading Policy, copies of which are available from the Corporate Secretary.

FAIR DEALING

Deal fairly with the company's customers, suppliers and competition.

You must endeavour to deal fairly with securityholders, the company's customers, clients, investees, suppliers, competitors and employees, and observe your fiduciary duties with investment management clients and related activities. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

GIFTS AND ENTERTAINMENT

You must use your best judgment in giving or receiving gifts and do so only in limited circumstances and in full compliance with this Code.

The offer and acceptance of gifts or other benefits to or from persons with whom the company is conducting business or could be expected to conduct business with is prohibited, unless this is done for legitimate business purposes and is approved in advance.

Individual business units of the company are required to develop and implement specific guidelines and procedures in relation to gifts and entertainment in a manner that is consistent and appropriate to the particular circumstances of the individual business unit. All such guidelines and procedures must be consistent with this Code. All such guidelines and procedures are to be filed with the Chief Internal Auditor of the company.

The company frequently awards professional engagements that result in the payment of large fees to service providers such as investment banks, professional advisors and others. As a result, gifts and other benefits offered to or by directors, officers and employees may be seen as an inappropriate "thank you" for past business or as an attempt to influence future business.

GIFTS TO PERSONS – OTHER THAN FOREIGN PUBLIC OFFICIALS OR POLITICAL DONATIONS

Directors, officers and employees must not offer gifts or other benefits to persons, including public officials and charities, that might influence or be perceived as influencing a business decision.

You may not give any gifts or other benefits with a value in excess of your business unit's pre-determined amount (as more particularly described in your business unit's gifts and entertainment policy) without first obtaining prior written approval from you supervisor.

Officers and employees whose duties permit them to do so, such as employees in marketing, may offer modest gifts, entertainment or other benefits to persons (other than foreign government officials) who have a business relationship with the company. The benefits must be given in accordance with generally accepted ethical business practices. For example, it is acceptable to take a customer to dinner but it is not acceptable to give cash to a customer.

All requests for corporate gifts to charities and other non-profit organizations located in Canada should be referred to the Corporate Secretary or the President of the Brookfield Partners Foundation. We encourage officers and employees of the company to become involved in charitable or other non-profit organizations on their own behalf, but not as a representative of the company.

DEALING WITH FOREIGN PUBLIC OFFICIALS

Do not make promises, payments or authorize any gifts of anything of value on behalf of the company, whether directly or indirectly, to foreign officials to obtain or retain business or to secure an advantage.

The giving of gifts or other benefits to public officials or to charities associated with a public official or to other parties who may do business with the company, may be perceived to be a "bribe" or other means to influence a decision in our favour, no matter how innocent the gift may be. Many countries, states and local jurisdictions have laws restricting gifts (e.g., meals, entertainment, transportation, lodging or other things of value) that may be provided to government officials. In addition, the United States Foreign Corrupt Practices Act of 1977 ("FCPA") has very serious provisions against bribery, including the payment, or promise of payment, of anything of value to foreign officials (including any person employed by or representing a foreign government, officials of a foreign political party, officials of public international organizations and candidates for foreign office). Payment made indirectly through a consultant, contractor or other intermediary is also prohibited. Under no circumstances may you offer anything of value to a government official for the purpose of influencing the recipient to take or refrain from taking any official action, or to induce the recipient to conduct business with the company. All company officers and employees worldwide must abide by the FCPA in addition to local laws.

In addition to prohibiting bribery, the FCPA requires proper record-keeping and the establishment and maintenance of internal controls. The FCPA prohibits the mischaracterization or omission of any transaction on a company's books or any failure to maintain proper accounting controls that result in such a mischaracterization or omission. The purpose of these provisions is to prevent publicly-traded companies from concealing bribes and to discourage

fraudulent accounting practices. All transactions involving public officials must be recorded completely and accurately so that the purpose and amount of any such payment is clear. No undisclosed or unrecorded funds or assets of the company should be established for any purpose. False, misleading, or artificial entries should never be made in the books and records of the company for any reason.

If you have any questions or concerns regarding the FCPA, before you have any dealings with foreign public officials, you should refer the matter to your supervisor who may obtain advice from the company's internal legal counsel.

GIFTS FROM PERSONS

Directors, officers and employees must not accept gifts or other benefits from persons doing or seeking to do business with the company except as provided in this Code.

It is clearly improper for any director, officer or employee of the company to solicit or encourage or receive bribes or other any payments, contributions, gifts or favours that could influence your or another person's decisions regardless of the nature or dollar amount of those benefits. Further, as these benefits are most likely offered to you in your capacity as a director, officer or employee, they are therefore the property of the company and are to be turned over to it unless you reimburse the company for the value of the benefit. Entertainment such as meals and tickets to sporting events are considered gifts and benefits.

Notwithstanding the above, it is acceptable to accept modest gifts, entertainment or other benefits from persons doing or seeking to do business with the company, provided the benefits are given in accordance with generally accepted business practices. It is important for the company to maintain good relationships with a number of business professionals and other individuals and an appropriate level of social entertainment will often promote an ease of dealing between people.

For example, a pair of tickets to a baseball game may be accepted from a person with whom the company conducts business, particularly if the person accompanies you to the game. However, it is not usually appropriate to accept a trip from a person to attend a sporting event in another city. If there is a specific business purpose for the trip, which may be the case in limited circumstances, the trip must be pre-approved by the head of the employee's department.

Directors, officers and employees should also show appropriate restraint when being entertained. For example, it would be inappropriate to order excessively expensive wine or liqueurs at a dinner.

All gifts or other benefits received which could reasonably be expected to have a value in excess of your business unit's pre-determined amount must immediately be reported in writing to the individual within the entity in which you are working who has been designated by the business unit leader to receive this information.

No gifts or other benefits with a value in excess of your business unit's pre-determined amount are to be accepted without prior written approval by the individual within the entity in which you are working who has been designated by the business unit leader to receive this information.

Each leader of a business unit will advise his/her employees what criteria will be used to approve exceptions to this policy.

Business unit policies may provide that gifts or benefits may be retained or accepted by an employee if the employee reimburses the company for the value of the gift or benefit.

POLITICAL DONATIONS

Directors, officers and employees must not offer gifts or other benefits to political parties that might influence, or be perceived as influencing, a business decision.

There are very specific laws which regulate political donations in Canada, the United States and in many other countries. For example, in Canada there are limits on the dollar amount of political donations and these limits are calculated on a consolidated group basis. As such, in order to ensure that we do not breach the law regarding political donations in any country, all political donations must be approved in advance by the company's Chief Executive Officer, Chief Financial Officer or Corporate Secretary. Any donation or benefit to a public official or political party must be in accordance with this Code. We encourage you to become involved in political activity acting on your own behalf outside of business hours, but not as a representative of the company.

STAFF MEALS AND DEPARTMENT ENTERTAINMENT

Permitted staff meals and approved department entertainment are governed by your business unit's policy.

FAILURE TO COMPLY WITH GIFTS AND ENTERTAINMENT REQUIREMENTS

Employees who do not comply with the requirements set out above will be required to reimburse the company for the value of any gifts or benefits they receive on behalf of the company.

In addition, violations of the company's policies or legal and regulatory requirements in this regard could result in disciplinary action up to and including dismissal without notice or payment in lieu of notice depending upon the severity of the violation.

COMPLIANCE WITH THE CODE

STATEMENT OF COMPLIANCE

Upon commencement of employment, each director, officer and employee of the company will be provided with a copy of the Code and will be required to sign an acknowledgement in the form of the Statement of Compliance which is attached as Appendix A hereto, or certify the company's electronic Statement of Compliance through the company's web-based compliance program.

The Code and your business unit's related policies are intended to serve as a guide for your own actions and decisions and for those of your co-workers.

REPORTS AND COMPLAINTS

As an employee, if you believe that a violation of the Code or any law, rule or regulation has been or is likely to be committed by you or someone else who is a representative of the company, you have an obligation to promptly report the relevant information to your supervisor, since your supervisor will generally be in the best position to resolve the issue. However, if you feel uncomfortable approaching your supervisor with your concern, or if you have any specific or general questions, you may contact the company's Chief Internal Auditor.

If you believe it is inappropriate to raise your complaint or report of a violation with either your supervisor or the Chief Internal Auditor, you can write to the Chairperson of the Audit Committee (for issues related to accounting controls, auditing or disclosure) or the Chairperson of the Governance and Nominating Committee (for all other types of issues such as harassment or discrimination, misuse of the internet, conflicts of interest or inappropriate gift giving or receiving). Contact information for the Chief Internal Auditor and these Chairpersons is set out on page 16 of this Code.

Directors should promptly report violations to the Chairperson of the Board, or to the relevant committee Chairperson, as set out on page 16 of this Code.

Directors, officers and employees can raise concerns either orally or in writing, except that reports to the Chairpersons of the Board and its committees can only be made in writing.

The most important thing to remember when dealing with these types of questions or concerns is: When in doubt, ask.

If you are not comfortable with any of the above options, you can also call the Brookfield Asset Management Ethics Hotline at 1-800-665-0831 (in North America).

Our Ethics Hotline is managed by an independent third party called the Network and provides an 800 number which any employee can call anonymously to report suspected unethical, illegal or unsafe behaviour. The Ethics Hotline is available toll-free, 24 hours a day, 7 days a week.

TREATMENT OF REPORTS AND COMPLAINTS

Confidentiality of reported violations will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review and subject to law. You may make a report anonymously, in which case you should write a letter and include as specific details as possible, including back-up documentation where feasible, in order to permit adequate investigation of the concern or conduct reported. Vague, non-specific or unsupported allegations are inherently more difficult to pursue.

The party receiving the complaint must make a record of its receipt, document how the situation was dealt with and file a report with the company's Chief Internal Auditor. The Chief Internal Auditor will retain all such reports, but will also maintain a separate log that will track the receipt, investigation and resolution of reported complaints specifically related to accounting controls, auditing and disclosure matters. Based on this log, the Chief Internal Auditor will periodically compile a comprehensive summary of all of these types of complaints and the corrective actions taken and will bring the summary to the attention of the Chairperson of the Audit Committee for his or her review, since the Chairperson of the Audit Committee is ultimately responsible for the company's compliance with the accounting, auditing and disclosure-related aspects of the Code.

The Chief Internal Auditor will also bring any other complaints or reported violations that are not related to accounting controls, auditing or disclosure but are significant to the attention of the Chairperson of the Audit Committee who will, if considered appropriate, report these to the Chairperson of the Governance and Nominating Committee.

Retaliation is prohibited. We want you to know that we will not discharge, demote or suspend you if you, in good faith, bring forward concerns about actual or potential violations of laws, rules or regulations, or the Code. However, we reserve the right to discipline you if you make an accusation without a reasonable, good faith belief in the truth and accuracy of the information or if you knowingly provide or make false information or accusations. "Good faith" does not mean that you have to be right – but it does mean that you must believe you are providing truthful information.

If you believe that you have been unfairly or unlawfully retaliated against, you may file a complaint with your supervisor or the company's Chief Internal Auditor. If you are a director, an officer or an employee and you believe your complaint concerning retaliations cannot be appropriately addressed by your supervisor or the Chief Internal Auditor, you should file a report with the Chairperson of the Governance and Nominating Committee.

INTERNAL CONTACT INFORMATION

Chief Internal Auditor	**Governance and Nominating Committee Chairperson**	**Audit Committee Chairperson**
Mr. Rui Senos	Mr. Frank J. McKenna	Mr. Marcel R. Coutu
Corporate Audit Services Brookfield Asset Management Inc. 39 Wynford Drive Don Mills, Ontario M3C 3K5	TD Bank Financial Group P.O. Box 1, TD Centre 66 Wellington St. W. 4th Floor, TD Tower Toronto, Ontario M5K 1A2	Canadian Oil Sands Limited 2500 First Canadian Centre 350 – 7th Avenue SW Calgary, Alberta T2P 3N9
Telephone: 416-510-5825	*Telephone:* 416-982-2909	*Telephone:* 403-218-6222
rsenos@brookfield.com	frank.mckenna@td.com	marcel_coutu@cos-trust.com

DISCIPLINARY ACTION FOR CODE VIOLATIONS

We will impose discipline for each Code violation that fits the nature and particular facts of the violation. If you fail to comply with laws or regulations governing the company's businesses, this Code or any other the company policy or requirement, you may be disciplined up to and including immediate termination, and if warranted, legal proceedings may be brought against you.

WAIVERS

Waivers of the Code for employees may be granted only in writing by the company's Chief Internal Auditor and its internal legal counsel. Any waiver of the Code for the company's officers or directors may only be made in writing by the Board or the Governance and Nominating Committee and will be promptly disclosed to shareholders to the extent required by law, regulation or stock exchange requirement.

LEGAL NOTICE

This Code serves as a reference to you. The company reserves the right to modify, suspend or revoke this Code and any and all policies, procedures, and programs in whole or in part, at any time. The company also reserves the right to interpret and amend this Code and these policies in its sole discretion as it deems appropriate. Any amendments to the Code will be disclosed and reported as required by law.

Neither this Code, these policies nor any statements made by any employee of the company, whether oral or written, confer any rights, privileges or benefits on any employee, create an entitlement to continued employment at the company, establish conditions of employment, or create an express or implied employment contract of any kind between employees and the company. In addition, all employees should understand that this Code does not modify their employment relationship, whether at will or governed by a written contract.

This Code is also posted on our web site, *www.brookfield.com* under Corporate Info / Corporate Governance. The version of the Code on our web site may be more current and up-to-date and supersedes any paper copies, should there be any discrepancy between paper copies and what is posted online.

APPENDIX A

CODE OF BUSINESS CONDUCT AND ETHICS
STATEMENT OF COMPLIANCE

All directors, officers and employees must complete this Statement of Compliance or certify the company's electronic Statement of Compliance through the company's web-based compliance program.

I have reviewed and am familiar with Code of Business Conduct and Ethics (the "Code") of Brookfield Asset Management Inc. (the "company") for directors, officers and employees.

I hereby agree to comply with the Code, including its provisions for non-disclosure of information both during and after appointment or employment.

To the best of my knowledge, I am not involved in any situation that conflicts or might appear to conflict with the Code.

I also agree to notify my supervisor, the Chief Internal Auditor of the company, or in the case of directors, the Chairperson of the Board, immediately of any change that might adversely affect my compliance with the Code.

Name: _____ *(Please print)*

Company: _____

Position Title: _____

Branch/Department: _____

Location: _____

Date and Signature: _____ *(mm/dd/yy)* _____ *(Signature)*

Exhibit 99.6

CERTIFICATION

I, **J. Bruce Flatt**, certify that:

1. I have reviewed this annual report on Form 40-F of Brookfield Asset Management Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report.
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.
5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: March 30, 2010

/s/ J. Bruce Flatt
J. Bruce Flatt
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.7

CERTIFICATION

I, **Brian D. Lawson**, certify that:

1. I have reviewed this annual report on Form 40-F of Brookfield Asset Management Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report.
4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.
5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: March 30, 2010

/s/ Brian D. Lawson
Brian D. Lawson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.8

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brookfield Asset Management Inc. (the "Company") on Form 40-F for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **J. Bruce Flatt,** Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ J. Bruce Flatt
J. Bruce Flatt
Chief Executive Officer

March 30, 2010

Exhibit 99.9

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brookfield Asset Management Inc. (the "Company") on Form 40-F for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, **Brian D. Lawson,** Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Brian D. Lawson
Brian D. Lawson
Chief Financial Officer

March 30, 2010

Exhibit 99.10

Report of Independent Registered Chartered Accountants

To the Board of Directors and Shareholders of Brookfield Asset Management Inc.

We have audited the consolidated financial statements of Brookfield Asset Management Inc. and subsidiaries (the "Company") as at December 31, 2009 and 2008 and for each of the years then ended, and the Company's internal control over financial reporting as of December 31, 2009, and have issued our reports thereon dated March 30, 2010; such consolidated financial statements and reports are included in the Consolidated Financial Statements for the year ended December 31, 2009 listed as Exhibit 99.3 on Form 40-F. Our audits also included the Company's reconciliation of differences between Canadian and United States of America generally accepted accounting principles listed as Exhibit 99.4 on Form 40-F. This reconciliation of differences between Canadian and United States of America generally accepted accounting principles is the responsibility of the Company's management. Our responsibility is to express an opinion on this reconciliation based on our audits. In our opinion, such reconciliation of differences between Canadian and United States of America generally accepted accounting principles, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note (d) to the reconciliation of differences between Canadian and United States of America generally accepted accounting principles, effective January 1, 2009, the Company changed its method of accounting under United States of America generally accepted accounting principles for business combinations and non-controlling interests due to the adoption of FASB ASC Subtopic 805-10, "Business Combinations" and FASB ASC Subtopic 810-10, "Consolidation", respectively.

Deloitte + Touche LLP

Independent Registered Chartered Accountants
Licensed Public Accountants
Toronto, Canada
March 30, 2010

Exhibit 99.11

CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in Registration Statements No. 333-156499 and No. 333-164969 on Form F-9 and No. 333-129631 on Form S-8 and to the use of our reports dated March 30, 2010 relating to the consolidated financial statements of Brookfield Asset Management Inc. (which report expresses an unqualified opinion and includes a separate report titled Comments by Independent Registered Chartered Accountants on Canada-United States of America Reporting Differences relating to changes in accounting principles), the reconciliation of Canadian generally accepted accounting principles to accounting principles generally accepted in the United States (which report expresses an unqualified opinion and includes a separate explanatory paragraph on changes in accounting principles) and the effectiveness of Brookfield Asset Management Inc.'s internal control over financial reporting in this Annual Report on Form 40-F of Brookfield Asset Management Inc. for the year ended December 31, 2009.

Deloitte + Touche LLP

Independent Registered Chartered Accountants
Licensed Public Accountants
Toronto, Canada
March 30, 2010